FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Inquiry call as prisoner is freed

...en years after starting a life ...son sentence for murder, Mr. ...rick Meehan was freed from ...erhead prison in Scotland ...h a recommendation for a ...e pardon.

...r. Nicholas Fairbairn, MP Kinross and West Perthshire, ...defended Meehan at his ...l, asked in the Commons for ...ublic inquiry. Meehan has ...ved in solitary confinement in ...test at his conviction of ...rdering a woman in Ayr in ...9.

...V presenter Ludovic Kennedy, a leading campaigner for ...ehan, expressed relief at the ...vs combined with "disappointment that it did not happen ...rs ago."

...allaghan 'errors' ...n Cyprus denied

Roy Hattersley, Minister of ...te at the Foreign Office, re...ted a Commons committee ...port criticising Mr. Callaghan, ...en still Foreign Secretary, ...er the handling of the 1974 ...sis in Cyprus. Back Page. ...litorial comment, Page 18.

...olonel' says ...was a hoax

...r. Frederick Cheeseman, the ...lf-style lieutenant colonel who ...aimed to have seen South ...frican security files on Liberal ...aders, now says it was all a ...ax. Mr. David Steel, MP, ...sterday said there was no ...ard evidence of a South African ...lot to smear his party.

...Make first move, ...Britain told

...orway's Foreign Minister, speak...ng on the eve of a Nato meeting ...n Oslo, said Britain should ...emove her frigates fro disputed ...ater before negotiations could ...pen with Iceland. Page 6

...evolution plans ...insult' to Scots

...reakaway Scottish Labour Party ...Ps Mr. Jim Sillars and Mr. John ...obertson warned Mr. Michael ...oot, Lord President of the ...ouncil, that the Government's ...roposals on devolution were ...visive and insulting to the ...gnity of the Scottish people.

...omprehensives ...lan dropped

...e Conservative-controlled ...meside education authority in ...reater Manchester voted by 19 ...11 to halt previous Labour ...ans to make all schools com...ehensive

...rab talks off

...lks in Riyadh to reconcile ...fferences between Syria and ...ypt were cancelled after Syria ...se at the last minute not to ...e part.
...ddle East news Page 5.

...riefly ...

...verpool won the UEFA cup by ...awing 1-1 with Bruges, after ...nning 3-2 in the first leg

...ate of emergency has been ...clared in Guernsey because of ...indling water supplies.

...golan mercenary organiser ...r John Banks and another man ...re allowed to leave a London ...lice station, where six others ...e still held under the Preven...on of Terrorism Act.

...ke Schutte of South Africa has ...en offered a world title fight ...th Muhammad Ali in West ...rmany in 90 days.

...nger Frank Sinatra will soon ...arry Barbara Marx, divorced ...fe of comedian Zeppo Marx.

...overnment pledge to implement ...e Industry Act, aided by the ...ational Enterprise Board, was ...rried in Commons by 284 votes ...274

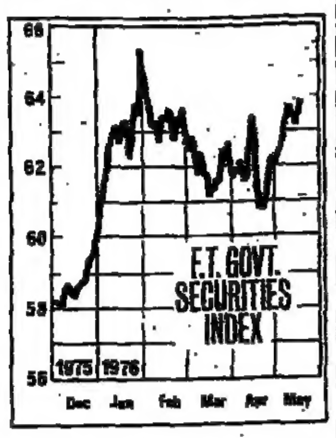
...ormer British diplomat Baron ...albot de Malahide, of County ...ublin, who died in 1973, left ...tate valued at £1.4m.

BUSINESS

Equities gain 5.3 as gilts rise 0.22

● EQUITIES again improved in thin trading. The FT 30-Share Index rose 5.3 to 410.5. Rises led falls in Industrials by 5.2. Gold Mines Index added 2.6 at 174.2.

● GILTS were in demand at the long end with gains ranging to ¼. Shorts were firm, generally



rising ¼. Government Securities Index put on 0.22 to close at 63.83. Long "tap" exhausted. Back Page

● STERLING lost 25 points at $1.8085 and its weighted depreciation widened to 37.9 (37.6) per cent. Dollar's was 1.65 (1.53) per cent.

● GOLD fell $1 to $126¼.

● WALL STREET closed 0.55 lower at 988.90.

CBI agrees to 1977 price curbs

● THE CBI has broadly accepted the Prime Minister's proposals for modifying the price code in July, indicating that it is willing to see price control extended beyond next year. But Mr. Hugh Scanlon, the engineering union president, said that if the price controls are substantially eased, union leaders will have difficulty in selling the 4½ per cent. pay policy to next month's TUC Congress. Back Page

● BRITISH STEEL will probably never regain the market share which it has lost to foreign competitors in recent years, according to GKN, its largest single customer, in evidence to a Commons select committee. Page 7

● POST OFFICE is to borrow $200m. for five years from a group of 20 international banks and will be covered against exchange rate losses. Back Page

● CENTRAL ELECTRICITY Generating Board is opposing the National Coal Board's plan to invest £80m. in a new mine near Stafford where the chlorine content is relatively high. Page 7

● MONOPOLIES COMMISSION deadline on its Eurocanadian/Furness Withy report has been extended by the Prices Secretary to July 30. Page 23

● EAGLE STAR Insurance is buying £55.5m. of properties from English Property Corporation. Back Page

● ENFIELD AUTOMOTIVE, which hoped to launch electric cars in Britain, is to close at the end of the month after making only 112 cars in the last two years. Page 11

COMPANIES

● AMERICAN TELEPHONE and Telegraph, in the largest single equity sale to the public ever undertaken by the New York stock market, plans to raise over $65m. by issuing 12m. new Common shares. Page 24

● UNILEVER first-quarter pre-tax profit was 260 per cent. above the "particularly poor" 1975 level at £114.6m. Page 21 and Lex

...HIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...reas. 12½pc '93 "A"	£97½	+ ½
...ar Loan 3½pc	£26¼	+ ½
...ssed. Biscuit	83	+ 5
...ssed. Engineering	93	+ 4½
..."Bats"	395	+ 6
...rown (J.)	91	+ 3
...avy Intnl.	141	+ 7
...ebenhams	93	+ 4
...own's Surgical	42	+ 5
...nglish Property	45	+ 3
...isher (J.)	100	+ 22
...isons	400	+ 8
...ox's Biscuits	168	+ 13
...lynwed	110½	+ 4½
...aslemere Estates	190	+ 7
...eath (C. E.)	422	+ 14
...ake and Elliot	66	+ 4
...and Secs.	160	+ 5
...s Refrigeration	98	+ 6
...FI Warehouses	42	+ 3
Portsmouth and Sunderland News	37	+ 5
Steel Brothers	218	+ 13
Stock Conversion	158	+ 3
Sun Alliance	418	+ 8
Thermal Syndicate	88	+ 20
Tube Invs.	362	+ 6
Unilever	494	+ 8
Weyburn Eng.	282	+ 12
LASMO/SCOT "ops"	220	+ 5
Messina	285	+ 10
Oakbridge	82	+ 4
Poseidon	240	+ 5
South African Land	210	+ 10
Vaal Reefs	£15¼	+ ¼

FALLS

Aust & NZ "New"	115*	− 9
Hawkins and Tipson	63	− 4
Marks (A.)	27	− 4
Geevor	220	− 5
Peko-Wallsend	590	− 15
Utah Mining	390	− 10

* Premium

Local income-tax proposed in Layfield report

BY DONALD MACLEAN

Tentative proposals to introduce local income-tax, retain the rating system, and reassess the rateable value of all domestic property on the basis of capital values are among the recommendations of a major report on local government published yesterday.

The report, prepared by a committee of inquiry under the chairmanship of Mr. Frank Layfield, urges that a decision should be taken on who should have responsibility for spending on local authority services. It should lie clearly either with the local authorities or with the Central Government.

If local authorities were given more responsibility, a local income-tax would be needed to provide councils with an extra source of revenue.

The rating system, whether a local income-tax was introduced or not, should be retained. It was "highly uncertain" whether the fairness of the system could be improved by replacing rating with other taxes. Rating, however, could not finance a bigger share of local spending.

Operation of the local income-tax system, it is estimated, would cost about £50m. a year, and require an extra 12,000-13,000 staff at the Inland Revenue, while the cost to employers would be similar.

Introducing a local income-tax would take at least five years.

The report was welcomed last night by the Association of Metropolitan Authorities, as emphasising the need to achieve "the maximum local freedom of action within centrally determined guidelines."

The association approved the committee's emphasis on block grants to local government from central funds, and saw the local income-tax proposal as a subject "worth serious consideration."

Sir Robert Thomas, chairman of the association, said: "We have waited a long time for this report. Anyone who expected Layfield to produce a magic wand which could solve all the complex problems of local government finance with a single wave" was bound to be disappointed.

In particular, the association welcomed the report's "unwillingness to join the chorus of those attacking local government spending." But it expressed concern about the cost of running a local income-tax system.

Details, Page 8: Choices in report, Page 18; Editorial Comment, Page 18 Parliament, Page 16

The report recommends mainly long-term changes, but comes out in favour, whatever the choice eventually made between Government and local authority responsibility, for early changes in the present system.

The changes include: the abolition of precepting in England and Wales, so that each local authority would be responsible for its own rate demand; the establishment of a joint central-local government institution to improve the exchange of information; new audit arrangements to encourage efficiency; a joint review by central and local government of policies governing fees and charges for services; and separating water authority charges from the rate demand as soon as possible.

The inquiry into local government finance is the first for over 60 years.

Mr. Frank Layfield said last night that it had made a "major breakthrough" in establishing after 75 years of debate that it would be feasible to introduce a local income-tax. The argument, he said, "can therefore concentrate on the merits of the tax instead of being side-tracked into a discussion of practicability."

There was no "soft option" for the ratepayer in the local income-tax idea. It was not possible to have a high standard of local services without paying for it. Things could not, however, "go on as they are. There is a need—and an urgent need—for a proper system of local government finance."

● In the Commons, Mr. Roderick MacFarquhar (Labour) said to cheers: "To add a local income tax would be greeted with widespread dismay by all sides." Mr. Peter Shore, Secretary for the Environment, replied that the Committee did not see the tax as a substitute for rates. Most ratepayers he said were feeling less bruised by rates this year than by the increases of the past three years.

OECD Treasury chiefs fear new inflation bout

BY ROBERT MAUTHNER PARIS, May 19.

HIGH TREASURY officials from the OECD countries expressed serious concern to-day that the present expansionary phase might lead to a renewed bout of inflation throughout the world.

Summing up a two-day meeting of the Organisation's Working Party Three, which deals with balance of payments problems and international economic trends, Dr. Otmar Emminger, vice-president of the West German Bundesbank, said that most of the delegations underlined the need for greater vigilance on inflation.

Disquiet

There were good prospects for a sustained phase of expansion well into next year, if the member-countries did not fall victim to inflation, he said. But the situation had to be watched carefully. A number of disquieting signs had already begun to appear, particularly in raw material markets.

In the U.S. there were shortages of capacity in some industries, such as paper and board, chemicals and steel, which could well lead to an upward pressure on prices.

Resurgence of inflation had gone hand-in-hand with a much faster recovery of the industrialised countries' economies than expected even at the beginning of this year. In the U.S. production was back to its pre-recession peak. In a number of European countries such as France, and to a slightly lesser extent West Germany, practically all the ground lost in the recession had been made up.

Although Japan was not yet back to her previous peak, there had been a steady upsurge in the economy since the first quarter of 1975, and there was no question of taking further stimulatory measures, as there had been a few months ago.

Dr. Emminger confirmed that according to revised estimates about the OECD Secretariat and the member-countries the area's overall current account deficit for 1976 was likely to be about $19bn., a turnaround of $14bn. compared with last year, when the combined surplus was $5bn. to $6bn.

Virtually the whole of this swing would be accounted for by a sharp reversal in the U.S. payments position. From a surplus of $12bn. in 1975, the American current account was expected to swing into a deficit of $3bn. to $4bn. in 1976.

This development did not appear to worry most of the delegations, who noted that the dollar remained firm on the foreign exchange markets. It was generally appreciated that the turnaround in the U.S. accounts was largely the result of increased raw material imports and thus benefited the developing countries.

Italy's role

The officials spent some time discussing the economic situation in Britain and Italy, and the reasons for the weakness of the lira and the pound. They concluded that there was more cause for anxiety about the Italian than the British economy, and that the continuing slide of the pound on the exchange markets did not appear justified.

The success of the Government's wages policy was widely welcomed, particularly since its impact would be felt well into 1977. Sir Derek Mitchell, the Second Permanent Secretary at the Treasury, was reported to have been questioned closely on why more could not be done to restrict the public sector's borrowing requirement.

On Italy, the officials recognised that while medium-term measures were urgently needed it was hardly realistic to expect them to be taken until after the Italian General Election.

Row brews on deferred taxes

BY MICHAEL LAFFERTY

AN UNPRECEDENTED row is brewing between industry and the accountancy profession over treatment of taxation in company accounts.

Representatives of at least 30 major companies, including ICI, Shell, BP, BAT, Imperial Group, RTZ, Bowater and Commercial Union are believed to support a draft paper on the subject recently approved almost unanimously by the Confederation of British Industry's taxation committee.

The deferred tax controversy concerns the accountants' rule requiring companies to make provision in their accounts not only for the taxation payable on their annual profits, but also for that tax assumed to be deferred as a result of high tax allowances and stock appreciation relief.

According to one stockbroker's calculation, deferred tax will account for 25 per cent. of all balance-sheet liabilities within three or four years. Yet many experts estimate that something like 90 per cent. of the amounts shown in company balance-sheets will never become actual liabilities.

"From the standpoint of industry's requirement for a financial reporting system which deals with commercial realities, the standard has serious shortcomings," says the CBI draft statement, which is expected to be sent to the Accounting Standards Committee, the profession's standards-setting body, in the next two or three weeks. "We therefore recommend that the standard should be withdrawn as the time is ripe for a re-appraisal of the whole issue."

The CBI believes that compliance with the deferred tax standard will result in an increas-

Continued on back page

British Rail freezes fares

By Arthur Smith

BRITISH RAIL fares are to be frozen for the rest of this year. The surprise announcement yesterday from Sir Richard Marsh, retiring chairman, represents an admission that further increases might drive away passengers and be counter productive.

The move marks an abrupt change of policy for BR, which has been contemplating its fifth fares increase in 20 months.

Plans were in hand for an across-the-board fares increase of between 5 to 7½ per cent. from August. This was originally expected to raise revenue by £10m. But consumer resistance to the average 12½ per cent. March increase, coupled with an anticipated slow growth in consumer incomes, has forced BR to revise plans.

Sir Richard hoped the decision to hold fares would meet with "increased support from the travelling public." This, combined with incentive fares to encourage family travel, would bring in more passengers and the necessary extra revenue.

RAIL FARE INCREASES:
June 1974 up 12½ per cent.
January 1975 up 12½ per cent.
May 1975 up 15 per cent.
September 1975 up 15 per cent.
March 1976 up 10 to 17½ per cent.

BR is confident that, provided traffic increases, it will still be able to meet the Government-imposed target to hold passenger subsidies to the 1975 £324m. level in real terms.

The freeze will not apply to freight. BR is under instructions to remove its £66m. freight deficit by 1978 and upward revisions in charges are inevitable. An application for a parcel tariffs increase of between 12½ and 15 per cent. is with the Price Commission.

Relief for passengers can only be temporary. Sir Richard gave a warning last week in his annual report that fare increases are "inevitable in an inflationary economy."

The delay will enable BR to monitor the impact of the March increases and to decide how to weight further rises. All regions are reporting a drop in traffic. BR was not prepared to quantify it last night.

The key effect seems to have been upon Inter-City and leisure travel. Commuter traffic has held up well. But BR is conscious that it is pushing against the limits.

The Government, in its transport policy consultation document, recommends a steady and continued increase in commuter fares.

Ford victory revives hopes of nomination

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 19.

PRESIDENT FORD yesterday received a political boost that exceeded his wildest expectations. In his home State of Michigan, which he had to win convincingly to keep his flagging campaign for the Republican nomination alive, he crushed Mr. Ronald Reagan, his conservative opponent, by 65 to 34 per cent., while in Maryland he won an easy 58 to 42 per cent. victory.

The news for Mr. Jimmy Carter, the Democratic front-runner, was disturbing. He went down to a surprisingly large defeat (49 to 37 per cent.) at the hands of Governor Jerry Brown of California in Maryland and was almost upset in Michigan, edging Mr. Morris Udall, the liberal from Arizona, by less than 2,500 votes in a poll of over 650,000.

Mr. Carter can draw some consolation from winning a lion's share of yesterday's delegate selections. He gained 69 in Michigan to Mr. Udall's 58 and seemed likely to take 32 out of the 53 at stake in Maryland, where Mr. Brown, a late entry in the presidential contest, was unable to field any.

President Ford's delegate haul (98 in the two States to Mr. Reagan's 29) was insufficient to regain for him the lead in the delegate race. According to the Washington Star scorecard, Mr. Reagan still leads with 498 to Mr. Ford's 463, with 381 uncommitted.

The results in the Primaries of both parties confounded all forecasts. Perhaps the only safe conclusion to be drawn is that, on the Republican side, they ensure that Mr. Ford and Mr. Reagan will continue to battle it out in the dozen Primaries still ahead in the next three weeks. Yet many of these are in South-Western and Western States, thought to favour Mr. Reagan. Beyond that the decision lies with the Convention in Kansas City in August.

Native son

The Ford camp had feared that the natural advantages the President should have enjoyed as a Michigan native son had been dissipated by the Primary setbacks of the preceding weeks. They were particularly apprehensive that Wallace Democrats would vote in great numbers for Mr. Reagan in the Michigan Republican race.

In the event, the "cross-over vote" was fairly evenly split while Mr. Ford fared much better than his opponent among registered independent voters. The turn-out was heavy — about double the size of the average Republican poll — while on the Democratic side it was light, only 40 per cent. of that in the Primary four years ago. (Incidentally, this probably hurt Mr. Carter.)

Evidence would suggest that Michigan voters of all hues were less swayed than those in neighbouring Indiana and Nebraska by Mr. Reagan's assault on Mr. Ford's foreign and defence policies. Nevertheless, the President's campaign manager announced that Dr. Henry Kissinger, Secretary of State, had cancelled two planned speeches he was due to make in California before the Primary there on June 8 because "it would be better for the President's campaign if he didn't do it at this time."

Tide stemmed

Mr. Ford has, therefore, at least for the moment stemmed the Reagan tide which had seen the former California Governor win five of the previous six primaries. It will also encourage him in his belief that he can count on the major share of the uncommitted delegates so far selected, without whose support he cannot win a first ballot nomination.

Mr. Carter's troubles are now much greater than they were two weeks ago. He remains miles ahead in the delegate race but has shown himself dangerously vulnerable to concentrated attack in individual States. He is running the risk of being hoist on a petard of his own choosing—that of running in every State in the Union and being stretched too thin in consequence.

Governor Brown's emergence at the eleventh hour is particularly intriguing. Although he was heavily backed by the Maryland political establishment which dislikes Mr. Carter, his triumph there owed much to his personal charismatic appeal.

Cloaking his austere approach to governmental problems with a liberal humanism, he was the first candidate in any State really to tap the votes of the young; intriguingly, he was also the first person to beat Mr. Carter in black communities.

Mr. Udall too, had probably his best result of the year in Michigan, expanding his support to beyond his affluent liberal community. He clearly pricked some holes in the Carter balloon with some effective commercials on Mr. Carter's alleged "fuzziness" on issues.

£ in New York

—	May 19	Previous
Spot	$1.8110-8120	$1.8130-8150
1 month	0.82-0.78 dis	0.77-0.72 dis
3 months	2.51-2.24 dis	2.16-2.12 dis
12 months	8.20-8.10 dis	8.25-8.15 dis

FEATURES

ON OTHER PAGES

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LOMBARD

Role of 'internal colonialism'

BY C. GORDON TETHER

"SWAPPING THE Portuguese or American bourgeois for an Angolan bourgeois would only be Angolising exploitation of the people," said Mr. Lopo de Naxcimeno, head of the country's newly established MPLA Government, in the course of explaining why "resources of mineral wealth and major firms" would have to be collectively owned by the people.

It is the most significant statement to have come out of Angola since its independence. Not, I hasten to add, because of the support it accords to collectivist ideology; for that would obviously come naturally to an essentially Left-wing administration. Its importance lies in the justification it adduced for insisting on public ownership — the argument that, otherwise, foreign colonialist economic domination will merely be replaced by an internal variety.

For this is another pointer to the continued surfacing of the long-running controversy over the extent to which indigenous elitism is preventing the development process materially improving the lot of the general run of people in poor countries. And the matter is one to which the affluent world will have to devote more attention, since it is being increasingly argued that its efforts to improve the lot of Third World peoples en masse will continue largely to misfire unless it practises a new form of discrimination. It would entail coming down heavily in favour of countries whose governments most faithfully represent the interests of the needy sections of the population, as opposed to those of elitist groups.

Mrs. Gandhi

As those who saw Anthony Meyer's recent TV programme on Mrs. Gandhi, the Indian Prime Minister, will have realised, the domestic elitism issue is also at the heart of—at least as the lady herself sees it—the power struggle that recently culminated there in her decision to declare an emergency, impose restrictions on Press freedom and imprison some of her critics. For it was her contention that the mass of the people could not be given the economic freedom to which they are entitled without taking away the political freedom of elitist groupings to create and maintain conditions designed to preserve their privileged status.

It is, of course, arguable that the Gandhi "initiative" cannot be explained away as conveniently as that—and, moreover, that, if economic liberalisation of the people was her sole objective, she should have been able to set it in motion without suppressing other essential liberties.

Certainly, Mr. Pran Chopra, Editorial Director for the Press Foundation of Asia, features India's experience as an example of the way in which the economic development of poor countries can be distorted by elitist groups to the disadvantage of the "dispossessed" in an article—"Some Political Facts of Economic Life"—he contributed to a recent issue of the Society for International Development's review.

Mr. Chopra's broad theme is that it is political factors which determine the economic direction of development—more particularly whether forces are available in a given society which allow or even compel development which embraces the grass roots and gets its inspiration there or forces which enable a ruling élite to push through self-oriented development by mandate from above. And he stresses that, whether it is going to be the first rather than the second, does not depend upon the country being formally democratic.

The moral

Development, he says, is particularly likely to be formally democratic yet "unparticipative" in countries that have a colonial past. This is because colonialism has a way of lingering on after the departure of the imperial power, functioning now as "internal colonialism." And India, he insists, is very much a case in point here.

Mr. Chopra maintains—and, it is not easy to fault his arguments—that such political facts explain the unsatisfactory character of the course, the development process has so far taken in India and similarly afflicted countries. And this inevitably brings him to the conclusion that, if you want to see a developing society adopting an economic system that ensures that the benefits of growth will be equitably distributed, you must first ensure that it evolves an appropriate political system—the more so if you want to ensure a peaceful and orderly switch-over to the new style of economic life.

The moral for affluent countries that are genuinely interested in assisting the advancement of the under-privileged peoples of the world hardly needs to be spelled out. And if Mr. Chopra is right in saying that the resistance of the privileged minorities to the mounting discontentment of the rest will break "speedily and peacefully" only if the new politics are promoted along with the new economics, it clearly calls for their urgent attention.

HORSE TRIALS — BY MICHAEL DONNE

Strong Tidworth entry despite the going

DESPITE the inevitable heavy last-minute withdrawals because of the hard going, there are still well over 100 horses and riders in the Army horse trials which start to-day at Tidworth, on Salisbury Plain.

Although designated as the Army trials, Tidworth is in fact an open event, sponsored by the Midland Bank, and is one of the top-ranking three-day events in the horse trials calendar. It attracts such a large entry that it is divided into four sections—called City, Griffin, Guineas and Midland Bank—the latter being restricted to the higher-grade horses.

Tidworth as a whole, however, provides an opportunity for inexperienced riders and horses to get the flavour of a full three-day event, while also allowing more experienced riders to bring on younger horses. At the same time this year, as an added attraction, there is also a junior trial, aimed at finding a short-list of ten horses and riders for training and final selection for the British team for the European junior championships to be held at Sieking, West Germany, on August 27-29.

Many of Britain's top-grade international riders have entered for Tidworth, including some of those seeking selection for the Olympic Games. The latter are not riding their Olympic mounts, however, but second-strings, using the opportunity to promote their younger horses while keeping themselves in trim for the highly competitive final selection process later this summer.

The double Badminton winner, Lucinda Prior-Palmer, will be riding Village Gossip and Hysterical in the Midland Bank section, while another former Badminton winner in the line-up is Jane Holderness-Roddam, with Troijoy and Warrior. Princess Anne has entered Mardi Gras, and this will be her first full-scale three-day event since her riding accident last month, unless she decides at the last minute that the horse should be ridden by Captain Mark Phillips, who has withdrawn his own entry, Arthur of Troy.

Other international riders appearing in an impressive line-up in the other sections include Sue Hatherly on Aloof (in the Guineas) and Half Asleep (City), and former Burghley winner Aly Pattinson on Forever (Griffin).

With the going so hard on the chalk of Salisbury Plain, it is possible that more riders may yet withdraw in order to save their horses. This gives rise to the question whether horse trials as such are "safe" or overtaxing for horses—an issue that has been given prominence following the death of the Badminton winner Wide Awake in the arena immediately after Lucinda Prior-Palmer had received the trophy, and other incidents in recent weeks.

The point made by distinguished veterinary surgeons and trials organisers generally, however, is that the size and style of cross-country fences in official events are carefully governed by the International Equestrian Federation (FEI), with a technical delegate supervising the course construction at every major trial held under FEI rules. The rules themselves have also been tightened in recent years, to reduce the possibility of accidents.

But two points must also be stressed. The first is that there is inevitably an element of risk in most competitive sports, from football to motor-racing, and most branches of equestrianism are no exception. Provided that horse trials are conducted under close supervision—which they are in the U.K.—the risks can be minimised, but never entirely eliminated.

Secondly, it is essential for horses and riders to be supremely fit and properly trained for the competitions, for to enter even novice trials without paying attention to this unwritten rule is to court disaster, especially if the going is hard or otherwise made difficult by bad weather.

RACING — BY DOMINIC WIGAN

It may be the Queen's day . . .

THE QUEEN, who has a dozen horses including Crofting in training with Major Dick Hern at West Ilsley, can land to-day's feature event at Goodwood, the £3,000 Lupe Stakes, with her French-bred filly, *Christchurch*.

This bay three-year-old by So Blessed out of Highlight showed that there was a race such as this to be won with her when chasing home Our Anniversary at 1½ lengths in a division of Salisbury's 1¼ mile Wincanton Stakes a fortnight ago.

Denied a clear passage until pulled to the outside under two furlongs from home, Christchurch was rapidly making up ground on the winner. Had the race been run over a furlong more the placings would almost certainly have been reversed.

Christchurch, who was making only the second racecourse appearance of her life in that Salisbury event, should have no problem obtaining a run with only eight opponents and a considerably wider course to-day, and I hope to see her in command some way from home.

GOODWOOD
2.00—Jimmy the Spiv
2.30—Mistress Page
3.00—Balidon
3.30—Christchurch***
4.00—Adagio
4.30—Gold Rupee

LUDLOW
6.00—Salvo's Grace
6.30—Wayardo
7.00—Donnybrook
7.30—Colonius
8.00—Nereo*
8.30—Wave Hill**

Petalca, a half-sister by Dewan to the brilliant Petingo, obliged at the first time of asking when landing a newcomer's event on this course last year, and she may provide the chief threat to the Royal filly. Owned, as was Petingo, by Captain Marco Lemos, Petalca will be ideally suited by this 1¼-mile trip.

John Francome, currently leading Bob Davies by one in the National Hunt jockey's table, looks likely to sew up his first championship at Ludlow this evening. I expect to see Fred Winter's three there, *Salvo's Grace*, *Nereo* and *Wave Hill*, all score for the Uplands stable jockey.

Wave Hill, who at one stage seemed likely to make up into a smart performer, has little to beat in Division II of the Aston Munslow Novices' Hurdle and appeals as a safe bet.

SALEROOM — BY MICHAEL THOMPSON-NOEL

£18,000 for Gouda street scene

THERE was heavy bidding yesterday in Sotheby's £323,990 sale of important 18th, 19th and 20th-century Continental paintings.

William Patterson, the London dealer, paid the day's top price £18,000, plus £1,800 buyer's premium—for Cornelius Springer's *A Busy Street Scene in Gouda*, on panel, sent for sale by Prince Thibaut d'Orleans.

An anonymous English buyer gave £12,500 for *Summer* by Arnold Bocklin, a full-length portrait of two glum-faced women. "We're not sure, but it must be a record," said Sotheby's.

Lucien Levy-Dhurmer's *L'Esprit d'Automne* made £11,500 to an anonymous buyer and a view of Haarlem by Isaac Ouwater was bought privately for £10,000. William Patterson gave £7,000 for a Dutch canal scene by Willem Kockkoek.

Many of the pictures exceeded their estimates, some by wide margins. The Levy-Dhurmer, for example, which went for £11,500, was expected to fetch only £250-£400. The bought-in percentage for the sale was 13.

A detail from La Gitana by William Adolphe Bouguereau, which made £6,000 at Sotheby's.

At Sotheby's Belgravia, English furniture, works of art and textiles fetched £23,399 (bought-in percentage: 10.54, including £1,150 for a Steinway and S seven-octave grand piano, elaborately japanned with chinoiserie. Textile prices were particularly high.

At Christie's, English and foreign silver brought in £80... including £3,500 paid by London dealer Koopman for a William IV two-handled vase by Paul Storr dated 1831 (538 oz.)

Christie's also sold printed books for £12,166. A first edition copy of John Charnock's *History of Marine Architecture* went to Foyles for £1,000.

The first part of Christie's day sale of fine wines, including remaining stocks from Ma Pruniere, totalled approximately £25,000.

At Christie's South Kensington English and Continental pictures fetched £11,600, and a sale of typewriters, vintage machines, advertisements and mechanical music brought in £15,245.

The Royal Scottish Museum gave £900 for an early hand-driven wax-cylinder phonograph, c. 1890-1894, and an American collector paid the same price for a rare Lioret phonograph, c. 1900.

TENNIS — BY JOHN BARRETT

Taylor faces Romanians to-day

YORKSHIRE'S Roger Taylor, whose strong left arm put Britain to within one point of a semi-final place in last year's losing Davis Cup match against Spain, will play the first and last singles matches in Britain's quarter-final tie against Romania which begins in Eastbourne this afternoon.

On paper, this European zone "B" tie should be no more than a canter for Paul Hutchins' team now that the Romanian No. 1, Ilie Nastase, is certain to be absent following his Avis Cup semi-final win against Sweden's Bjorn Borg in Hawaii last Sunday.

Taylor opens the tie to-day against the fourth ranked Romanian, Viorel Sotiriu on the fast grass of Devonshire Park's Centre Court and Buster Mottram will then play Dumitru Haradau who is ranked three nationally.

In the reverse singles on Saturday, Mottram will play first against Sotiriu and Taylor will complete the tie against Haradau.

The Romanians come to Eastbourne with a 4—1 win against the useful Austrian team behind them but those matches were played on clay courts with Nastase leading them. On grass, and leaderless, the visitors will surely be counting the sets they win.

Following the disappointing recent form of doubles expert John Lloyd, Hutchins has nominated Mottram and Taylor for doubles duty, though this line-up can be altered up to one hour before to-morrow's match. The Romanians have nominated fifth ranked Viorel Marcu to partner Haradau.

Volatile

During the past two weeks, the Romanian federation—and even their Government—have made strenuous efforts to persuade the Lawn Tennis Association to play this tie earlier in the week so that Nastase could have flown in from Hawaii before returning there for his final next Sunday.

Quite rightly, LTA secretary, Peter Johns, explained that the arrangements concerning TV coverage, ticket sales and advertising were too far advanced to alter the date. Thus the British team's gain becomes the public's loss because, for all the problems his volatile temperament inevitably brings, Nastase is undoubtedly still one of the most gifted and attractive players in the world.

It was largely his skill in 1969, abetted by the craft of his then doubles partner, Ion Tiriac, that ended Britain's wonderful winning run by three matches to two in the inter-zone finals and dashed our hopes of appearing in the final for the first time since 1937.

Nastase's absence, along with the defeat earlier this year of the United States in Mexico when they were without Arthur Ashe, highlights once again the difficulties that this once great competition faces as other events compete for the time of the leading performers.

The Avis Cup, winner-take-all series for example, is a brand new event, super-imposed on the WCT programme this year. If Nastase wins the series next week-end, he will bank $180,000 and one can hardly blame him for setting his heart on that goal.

TV/Radio

† Indicates programmes in black and white

BBC 1

7.05-7.55 a.m. Open University (UHF only). 9.41 For Schools, Colleges. 12.35 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.00 You and Me. †2.15 For Schools, Colleges. 3.00 Tennis: Davis Cup: Great Britain v. Romania. 3.30 The 60 70 80 Show. 3.58 Regional News (except London). 4.00 Play School. 4.25 The Mole. 4.30 Jackanory. 4.45 Blue Peter. 5.15 Boss Cat. 5.40 Paddington.

5.45 News
6.00 Nationwide
6.55 To-morrow's World
7.20 Top of the Pops
8.00 Porridge
8.30 Monty Python
9.00 News
9.25 A Pin to see the Peepshow
10.15 Omnibus
11.05 To-night
11.40 The Sky at Night
12.00-12.03 a.m. Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.15-5.40 p.m. Billidowcar. 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 8.30-9.00 Blodeugerdd. 12.00 News for Wales.

Scotland—6.0-6.55 p.m. Reporting Scotland. 8.30-9.00 Golf: U.S. Open 1975 (events from last summer). 10.15-11.05 This Old House: Jack House on his 70th birthday. 12.00 News Summary for Scotland.

Northern Ireland—3.40-3.00 p.m. For Schools: Ulster in Focus. 3.58-4.00 Northern Ireland News. 6.00-6.55 Scene Around Six. 12.00 News for Northern Ireland.

England—6.00-6.55 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
3.30 p.m. Tennis: Davis Cup: Great Britain v. Romania
5.00 Open University
7.05 The Health Show
7.29 Weather
7.30 Newsday
8.10 Spirit of the Age
9.00 Call My Bluff
9.30 The Man Alive Report
10.20 Rhoda
10.45 Tennis: Davis Cup highlights
11.15 Newsnight
11.30-11.35 Closedown: Leslie Sands reads 'Lights Out' by Edward Thomas

LONDON

9.30 a.m. Schools Programme. 12.00 Tom, Dick and Harry. 12.10 p.m. Rainbow. 12.30 Money Wise. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Rooms. 3.00 Moody and Pegg. 3.55 General Hospital. 4.25 Cartoon. †4.30 Children's Film Matinee: "Tarzan and the Trappers."

5.50 News from ITN
6.00 To-day
6.25 Crossroads
7.00 The Six Million Dollar Man
8.00 Spring and Autumn
8.30 Clayhanger
9.30 This Week
10.00 News
10.30 Help!
10.35 Thursday Thriller: starring Vincent Price and Christopher Lee "The Oblong Box"
12.15 a.m. Betty Boop

All ITV Regions as London except at the following times.

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 4.55 Spiderman. 5.20 Castaway. 6.00 About Anglia. 6.20 Arena. 7.00 Cash and Company. 10.30 Now and Then. 11.00 Comedy Hour. 11.55 The Living Word.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 4.25 The Lone Ranger. 4.50 Time Tunnel. 6.00 ATV Today. 7.00 The Magician. 10.30 Gardening Today. 11.00 Police Story. 11.55 Sister Joan Lewis: talking about the Dignity of Man.

BORDER

†1.20 p.m. Border News. 6.00 Border News and Lookaround. 7.00 Island of Adventure. 10.30 Gardening Today. 11.00 Journey to the Unknown. †11.55 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 Children's Matinee: "Bugles in the Afternoon." 6.00 Channel News. 6.10 Wildlife Theatre. 7.00 Combat. 10.30 Firehouse. 11.00 Russell Harty. 11.45 News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 4.25 Tarzan. 5.20 Wonder Weekly. 6.00 Grampian Today. 10.30 The Odd Couple. 11.00 Second Profile. 11.30 Evening Prayers.

GRANADA

1.20 p.m. This is Your Right. 4.25 Survival. 4.50 The Flintstones. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. †6.30 Command Performance. 10.30 Maude. 11.00 The Zoo Gang. 11.55 The Challenging Sea.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.25 Tell Me Why. 4.55 Sky. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 "The Day The Earth Moved," starring Jackie Cooper. 10.30 Musket, Fife and Drum. 11.00 The Late Film: "Black Noon."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.25-4.55 Ble Yn Y Byd . . . ? 6.01-6.18 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Sport West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Women Only. 4.25 Tarzan. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Spring and Autumn. 7.30 The Six Million Dollar Man. 10.30 Drive-In. 11.00 Late Call. 11.05 The Collaborators.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.25 Tarzan. 5.20 Sheep Ahoy. 5.25 Crossroads. 6.00 Day By Day. 6.35 University Challenge. 7.05 Island of Adventure. †10.30 The Late Thursday Film: "Night Must Fall," starring Albert Finney and Susan Hampshire. 12.10 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 2.00 Women Only. 4.25 Phoenix Five. 4.50 Beachcombers. 5.20 University Challenge. 6.00 Today at Six. 7.00 Emergency. 10.30 Hawaii Five-O. 1.30 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 4.25 Tarzan. 5.20 Tell Me Why?—Rachel Heyhoe Flint. 6.00 UTV Reports. 7.00 The Big Valley. 10.30 From Glen to Glen. 11.00 What's It All About.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.25 Children's Matinee: "Bugles in the Afternoon," starring Ray Milland. 6.00 Westward Diary. 7.00 Combat. 10.30 Firehouse. 11.00 Rusell Harty. 11.45 Westward Late News. 11.48 West Country Job Finder. 11.55 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 Thunderbirds. 5.20 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emergency! 10.30 Emmerdale Farm. 11.25 Drive-In.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Paul Burnett. 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 but including on 1500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Two By Two. 7.30 Sports Desk. 7.33 David Allan's Country Club (S). 9.02 Wally Whyton invites you to enjoy "Both Sides Now" (S). 10.02 Sports Desk. 10.06 Folkweave (S). 11.02 Don Durbridge with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

†Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Elgar (S). 9.50 Wolf, Reger and Schoenberg Songs (S). 10.40 Orchestral Concert (S). 11.35 Beethoven Violin Sonatas (S). 12.20 p.m. Holst and Elgar Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 2.00 Howard Shelley piano recital: Haydn, Rachmaninov, Smetana (S). 2.50 Prokofiev (S). 3.40 Heinz Holliger (S). 4.40 The Developing Musician (S). 5.25 Pied Piper (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: The Wider World. 7.30 Mozart concert, part 1 (S). 7.55 Current Trends in Philosophy. 8.15 Mozart concert, part 2 (S). 9.10 Dayan's Eye by "Korab." 10.10 Stephen Dodgson (S). 10.20 The Political Importance of Original Sin (talk by Rev. Edward Norman). 10.40 Keyboard Music in 18th-century England (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. †9.05 These You Have Loved. †10.00 News. †10.05 From Our Own Correspondent. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 If You Think You've Got Problems! †11.40 A Country Walk With Andy Price. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). †12.55 Weather and programme news. VHF (except London and S.E.) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour († from 2.00) including 2.00-2.02 News. †2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Jack De Manio Precisely including 4.00-4.05 News. 4.35 Story Time: "Zuleika Dobson," part 8. 5.00 PM Reports. †5.50 Financial Report. VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Dad's Army. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Any Answers? 8.00 Scandal. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only): 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 David Simmons with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. Keith Yeoman's Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Sound Out. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Getting Going. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

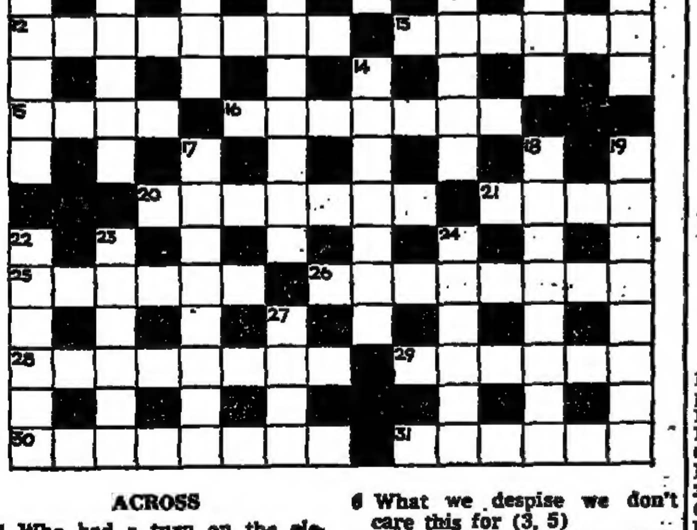
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M.": breakfast-time show. 10.00 Brian Hayes: talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch: news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene: the Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London To-day. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,084



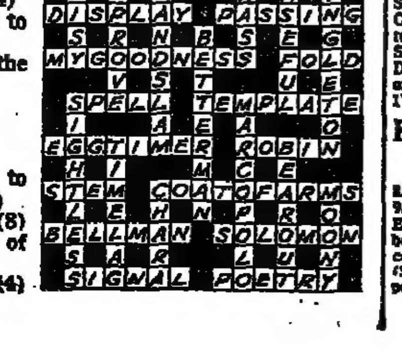
ACROSS

1 Who had a turn on the elephant? (6)
4 Put forward by the real workers (4, 4)
9 A simpleton that is after a bird (6)
10 Musical instrument on the Bench (8)
12 "Melt them all down in a pipkin or ——" (Patience) (8)
13 Note to expert for comfort (6)
15 Clothes to match (4)
16 County upset in first class tribe (7)
20 Enticed you in "total gules" (7)
21 She was initially unpopular in WW1 (4)
25 "It's a —— of devices to get at low prices" (Iolanthe) (6)
26 Little room almost with refined humour (5, 3)
28 Learning about no good current in London street (4, 4)
29 Put on by those who have to hurry (6)
30 With sufficiency inside the Russian made good (8)
31 A course of access (6)

DOWN

1 Carapace causes trouble to the probation officer (4, 4)
2 Mystery of the dhow unit (8)
3 Nearly all find a bird full of excuses (6)
5 Garden for oriental study (4)
6 What we despise we don't care this for (3, 5)
7 A trial, alternatively a business transaction (6)
8 Country talk for those who mean business (6)
11 Where Lars Porsena came from (7)
14 Red spy includes the low-down (7)
17 Graphite plant (8)
18 A mod. con. we must not get into (3, 5)
19 Unpalatable and socially offensive (3, 5)
22 Groom without a bride (6)
23 There are little openings for an Eastern nation (6)
24 Philip and his relations win a pot (6)
27 Cheese, from British Rail, that is (4)

SOLUTION TO PUZZLE No. 3,083



ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. 836 3161. Until May 29 THE STUTTGART BALLET Evgs. 7.30. Mat. Sats. 2.30. Ton't, Tomor. and Sat. Voluntaries. Poeme de l'Extase. Initials RBME; Mon. Tue. and Wed. Greening, Opus 1, Daphnis and Chloe.

THEATRES

GARRICK THEATRE. 01-836 4601. Evenings 8.0. Fri., Sat. 5.30 and 8.30 RICHARD BECKINSALE in "Side-splittingly funny" Daily Mail. In FUNNY PECULIAR "Mike Stott's exceptionally fine, vastly entertaining, brilliant comedy." S. Times.

THEATRES

RAYMOND REVUEBAR THEATRE 734 1593. 7, 9, 11 p.m. (inc. Sunday) PAUL RAYMOND presents THE FESTIVAL OF EROTICA 76

REGENT. 323 2707.

CINEMAS ARE CONTINUED ON PAGE 15

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هكذا من الأصل

chester Festival Theatre

Noah

by B. A. YOUNG

h was the first play that Obey wrote for the Com- des Quinze, in 1931. h it follows only a bare e of the Bible story, it is like in style to the old sh mystery plays. The age is modern, but the ht is primitive—not crudely tive, but simple enough to le animals that behave like ns, and indeed humans that e like animals, for the conclusion is not an istic one.

: Ark, already built, spans ack of the stage in Paul s' design when the action s. Noah, in the person of n Jackson, enters humming ailor's Hornpipe and makes measurements like Figaro ing his new lodgings. n Jackson's well-practised of humility and authority s him well as he consults God one moment over ital problem of including dder on his craft, and a ent later superintends the rkation of an assortment nimals, followed by the sary modicum of humanity. comprises his wife (Patsy e) and his three sons, ved by three handy female ins.

e trials of the flood affect amily in varying ways; Ham ries Keating) becomes tire- ly undisciplined, Shem (the o-Chinese actor David Yip) patient handyman; Japheth tin Chamberlain) seems to d most of his time below ng the beasts. Impatience ately overcomes them and r Ham's leadership they t against their father and over the Ark. When, aided the traditional dove, they on Mount Ararat, the boys, their chosen girls, leap ashore and at once turn on one another with unexpected racialist accusations—it's hard to see why Ham isn't played by a black actor in the circumstances—and leave their poor old father and mother to look after themselves, while they go into the three corners of the world to found the Semitic, Hamitic and Japhetic races without the divine guidance their father sensibly relied on.

Not, as Obey presents it, an unhappy ending: for Noah, his faith in God unshaken, asks for a sign of continued favour and is rewarded with an instant rainbow. "I'm satisfied!" says the patient Noah.

Eric Thompson's direction is not picturesque enough to put theatrical flesh on these promising bones. Some of the language in Arthur Wilmurt's translation is embarrassingly naive; Mrs. Noah calls the sea "a puddle so big it hasn't any edges," and if you are going to work at this intellectual level the only thing is to go in for a children's production. Yet for children the talk is too prolonged, the action too sparse.

Sometimes Noah's reluctance to answer reasonable questions from his children would certainly have justified their hurling him overboard. "What are you doing?" "Waiting." "Waiting for what?" "Results." Not an easy exchange to justify without some kind of pictorial illustration; yet, aside from some conventional monkey-business with the animals and some beautiful grouping on and around the rigging, the production is curiously unpictorial. Mr. Thompson seems to have got wedged half-way between The Norman Conquests and The Magic Roundabout.

James Cossins, John Alderton and Pauline Collins in 'Confusions,' the new play by Alan Ayckbourn, which opened last night at the Apollo

Leonard Burt

ussels theatre

Blaise Pascal

by OSSIA TRILLING

Eric Pradier

hoever remembers the joyous luction by the Théâtre du eau of Pierre Laroche's stage ntation of Apollinaire's atic poem of L'Enchanteur rrissant, which visited the h of the late Sir Peter heny's World Theatre Sea- in 1973, will regret the pass- of that festival. Laroche's t recent production for the eau, of his own stage-play in- ed by the life and writings of 17th-century scientist-philo- er, Blaise Pascal, is some- g Sir Peter, I feel sure, ld have been eager to show ritish audiences.

aise Pascal, which opened at Rideau's 150-seater small e a week or so ago, is all set s long run and a number of s to foreign parts. Even gh it may be totally French form and feeling (as the tre's indebtedness to the ch Embassy for the loan of ments acknowledges in a ramme note), it is so oned as to appeal to the divergent of tastes, if only are sensitive to style, ty, intelligence and to most s of aesthetic and sensual ulus.

roche has, in short, turned al and his writings into an t theatrical entertainment of rarest sensibility. He has vellously explored the unex- ed chance of creating a natic debate out of Pascal's and his "Pensées." Despite childhood brilliance and nile self-assurance, Pascal later torn by doubt and self- tioning, and (thanks to Nele nou's researches) this is t has gone to the making of dialectical drama. With the of dialogue, song, music and e, Laroche has divided al into nine selves, filling stage with continual move- t, as each self engages in ussion with the others. re is Pascal as the infant gidy, precociously solving lid's 32nd theorem unaided; al as he appears to others in his heart of hearts, neatly played by Gisèle Oudart and Anne Chappuis, who also double as his sisters and offer factual information and comments on their brother; Pascal, the man of refinement, the doubter, the spiritual Pascal, the man of reason, of joy, and as he remembers himself.

Eric Pradier plays the older self (Pascal was only 39 when he died) in retrospective maturity with the perfect calm of a firm believer in Man yet with an unquestioning faith in his God. As the intellectual ringleader of the stage games, he chops logic with his other selves and quotes familiar tags (for example, "le coeur a ses raisons que la raison ne connait point") that induce chuckles of recognition in the audience, or gasps of astonishment at their surprising topicality.

The American dancer, Matthew Nash, performs his measures, as the "man of joy" in silence but with a bodily eloquence that perfectly matches the original musical score and pleasing singing voice of Vincent Grass, as the spiritual Pascal. The stylised set by Raymond Renard, mirrors panels, geometric flooring and symbolic ceiling to enclose the stage-action when it doesn't spill out into the audience, and the severe period costumes, help to make the 75-minute-long performance an equally imposing feast for the eye. Someone should step in and get the Rideau over to Britain again.

Newcastle Festival

Every attempt has been made this year to broaden the base of the Newcastle Festival, which will run from June 18 to July 4. There will be all kinds of entertainment from classical concerts and recitals to pop and "folk" music and a travelling circus.

Record review

All-American by MAX LOPPERT

Carter Duo. Zukofsky (violin), Kalish (piano). Double Concerto. Jacobs (harpsichord), Kalish (piano)/Contemporary Chamber Ensemble/Weisberg. Nonesuch H-71314 (£2.25)
Ives Piano Trio. Copland Piano Quartet. Cardiff Festival Ensemble. Argo ZRG 794 (£3.25).
Gershwin Porgy and Bess. White, Mitchell, Boatwright, Clemmons, Quiver, Hendricks, etc., Cleveland Orch. and Ch./Maazel. Decca SET 609-611 (three discs in box) £10.50)

As Camden demonstrated earlier in the year, the 1976 anniversary of the American Declaration of Independence is the hook on which festival after festival this summer plans to hang at least one all-American musical tribute. There has been no comparable flood of American music on record, however; and, in common with most festival programmes, the music chosen tends to be by the most familiar names—pre-eminently, Ives, Copland and Carter. Luckily, recent records of their music contrive to be useful and rewarding by exploring unfamiliar paths.

The Carter issue brings to Britain a work not yet heard here live: the Duo for violin and piano, first given in New York last year by the excellent team of the Nonesuch recording. (How gratifying that Carter's latest works should now be so promptly recorded!) "A certain kind of music," wrote Bayan Northcott in his indispensable Carter survey in the August, 1972, number of Music and Musicians, "can induce the sense that the listener is in direct contact with the composer's affective and logical thought processes. The music becomes, as it were, a living model of how the mind works. The Duo is that kind of music, and that kind of Carter. Out of his by now familiar preoccupation with musical forces in simultaneous yet independent and non-synchronous interplay he has fashioned a chamber piece that is at once adventurous, intimate and tellingly personal.

The piece found its point of germination in the crucial operative differences between the two instruments—between the "striking and stroking" (the composer's words) needed to draw sound from violin and piano respectively. Exploring the sense and the significance of this difference, Carter has evolved two independent "monologues" running in parallel for almost the entirety of the piece, in contrast and juxtaposition, seldom in conjunction. "Striking and stroking" might also be used to describe the distinct styles of the music given to each instrument—a passionately athletic string line, full of multiple stops, harmonics and high-soaring bold gestures, against a piano part moving from subdued, long-held chording to rippling scorrevole figuration. The violin, immediately established as the more active combatant, sustains the role against later challenges, to have the last word.

The description of the music is strenuous; yet the effect, though searching and demanding, is not. Rather, familiarity increases the impression of an unusually reflective, even introspective musical expression, imbued with the physical and intellectual energy that is a Carter hallmark, but conveying a quality of self-communing that grows more rewarding with each encounter. A difficult composition, no denying it—or will its knotty angularities untie with the passage of time? There is every reason to expect so, when the Double Concerto for harpsichord, piano and two chamber orchestras on the second side, which was to me incomprehensible when first heard some years ago on the earlier (now deleted) recording with Ralph Kirkpatrick and Charles Rosen, now discloses a heartening piquancy and wit, a central lyrical warmth unimaginable before. Carter's music, in every sense, repays effort. Superb performances, although the recorded balance in the Duo favours the violin to the point of catching his breathing, even the occasional snort.

Aaron Copland's 1950 Piano Quartet, at present little known and little considered (like so much of this once-foremost American composer's non-"popular" music), holds in well-assorted form all the most individual and lovable features of his music: the cool, widely spaced textures, lean, non-developmental cast of thought, bouncy melodies with a touch of hayseed about them, the slowing to stillness and repose. The performances by the Cardiff players (who include the pianist Martin Jones), are, both in the Copland and the immensely cheering and high-spirited Charles Ives trio, less thrusting and vigorous than the music warrants, though to the imported hymn tunes of the Ives is brought simplicity and grace; but still neat and well made. On another recent issue (which I have not heard), the Beaux-Arts Trio pairs Ives with Shostakovich; the Argo record would seem to be musically a likelier and more suitable coupling.

*

These two records are well worth having for their musical stimulation and refreshment. The first complete Porgy and Bess is already for me the American landmark of the year—a revelation, at once an inexhaustibly generous source of pleasure and an act of rehabilitation for an opera whose whole greatness has been obscured by the popularity of its parts. The Camden Festival concert performance this March, though reviving a strong appetite for the music, gave because of the necessity of cuts only a partial impression of the opera's cumulative power. Now, after weeks of being drawn back to the records at all times of day and night, their siren's fascination tending to interrupt all other labours, I have tried and failed to find another example of a work so familiar as a series of separate numbers, yet so unsuspectedly convincing a dramatic structure in full form.

Lorin Maazel, whose wonderfully full-hearted interpretative commitment and eloquence make this set one of the finest achievements of his career, insists in the accompanying booklet that "Porgy and Bess is an opera. It is not an operetta, a musical comedy, nor is it a jazz drama, Black Blues, or pre-Soul." Now that the once-forceful criticism of the opera's "lampblack Negroisms" (as Duke Ellington put it in 1935) holds no longer any weight, this is the point of the revelation. Not every section is worthy of the richest long stretches; yet there is unmistakably in each act and about the whole opera the sense of a whole world, entire and "in itself" as an imaginative conception. Even more important, there is that crucial interaction of character and dramatic event within a socially meaningful context that is one of the things opera is most deeply and seriously about.

Not only in the placing of number against number in a progression of increasing allusiveness and flow; but in the out-of-proportion significance of little moments—the welling pathos, for example, under Bess's small, simple "Goodby, Porgy" at the end of Act 2 scene 1—does one judge the true musical dramatist. The sheer inclusiveness of the idiom: what Ellington stigmatised as Gershwin's borrowings "from everyone from Liszt to Dickie Wells's kazoo" (and on the way he might have mentioned Ives, Delius, Stravinsky, Strauss, Milhaud, Berg and Debussy), add now to the glow of musical wealth—even the heavily padded scoring, at times redolent in its insistent business of a 1930s Hollywood soundtrack, becomes part of the pleasure. Such "popular opera" may not be the single goal opera composers should to-day be seeking; in these de-siccated days, the large-scale and all-embracing compassionate warmth of Gershwin's opera seem no poor example to follow.

I could fill column after column with expressions of wonder at the melodies, with admiration for the strokes of character; but have instead room only for words of delight at the high level of singing in an all-black cast, among whom only Willard White, a tremendous Porgy as in the Camden concert, Barbara Hendricks (a Glyndebourne Calisto, here the captivatingly sweet-toned Clara) and McHenry Boat-wright, a dark, menacing Crown, are at all familiar here. Leona Metchell, the Bess, is perhaps a small disappointment: a smooth, dusky singer who infuses a slight note of lady-like daintiness into her music—better than raw vulgarity but not quite right. Brilliant, tingling, utterly exhilarating playing and choral singing, in a full, clear, effectively managed sound-picture (with only one or two too many intrusive noise-making effects). Porgy brings joy—go out and buy it.

Almost Free

The Non-stop Connolly Cycle by B. A. YOUNG

This extraordinary venture from Margaretta D'Arcy and John Arden (note the reversal of the usual order of the names) covers the life and times of James Connolly in 14 instalments of 45 minutes each.

James Connolly was an Irish Nationalist and a Socialist Revolutionary. I complained the other day that documentary theatre wasn't theatrical enough: this account of his career, though devoid of action, is certainly theatrical, being written chiefly in loose couplets that range from poetry of a fairly decent order to doggerel that might have made McGonagall blush. In this production, the authors' own work, the script is read by players spread all over the room, their acting confined to the voice, as in sound radio, a hint of costume sometimes added.

In the first instalment, which I saw on Monday, we follow Connolly's life from his early days in Edinburgh, where he began work at 11 years old; through his service as a boy soldier, watching with indignation the evictions that followed the Coercion Act (and incidentally led to the invention of the verb "to lynch"); to his first exposure to Irish Nationalism and International Socialism and his desertion from the Army.

I cannot conceal the fact that the Ardens' constant sniping against Britain and the British Army, two things I happen to feel loyal to, irritated me too much to enable me to give a value judgment on the work. I hope what I have written is fair, but I shall write no more.

New York theatre

Everyone's out of step but me

by GEORGE OPPENHEIMER

I'm afraid I'm going to be rather busy. In my Newsday review of the new musical, Rex, I offered to wrestle two out of three falls with any critic who did not like the show. Next day I read the reviews and, with few exceptions, they were bad. However, I stick to my crippling offer, especially since some of the critiques were downright nasty.

Rex has music by Richard Rodgers and that alone should guarantee it some respect. It has lyrics by Sheldon Harnick, one of our better lyricists, a book by Sherman Yellen, direction by Edwin Sherin (although Harold Prince has given a helping hand), and it stars Nicol Williamson as Henry VIII and Penny Fuller doubling as Anne Boleyn and her daughter Elizabeth (both—no all three—superb).

For me it has everything a fine musical should have—Rodgers' loveliest melodies since The Sound of Music, Harnick's literate lyrics, Yellen's witty and absorbing book that takes Henry from his marriage to Catherine of Aragon up to his demise and some of the loveliest costumes and sets by John Conklin.

It has also a dancing number or two, choreographed by Dania Krupska, in a class with its other virtues. The rest of the cast, beside Williamson and Fuller, is extraordinarily good, with Tom Aldredge as Henry's jester, Barbara Andres as Queen Catherine, April Shawhan as Lady Jane Seymour (the other wives are made little of), Glenn Close as daughter Mary, Ed Evanko as Mark Smeaton, Michael John as young Prince Edward, Stephen D. Newman as the French King, Merwin Goldsmith as an astrologer and a score of others including a first-rate singing and dancing chorus.

Scene after scene has not only colour and spectacle but drama and comedy that hold you until the final scene when the young Elizabeth tries to reassure her brother Edward that he need not fear the throne on which he is about to sit after Henry's death. In order to comfort him, she sits on the throne herself and the play ends with this omen of the future when Elizabeth assumed the throne in her own right.

Although the songs are not particularly in period, any more than they were in The King and I, they are melodious in the best Rodgers manner and hummable, a virtue that has been notably absent from most of our contemporary musicals by other composers. Harnick's lyrics are simple but they progress the action as good lyrics should.

I particularly liked "Away From You," "In Time," "No Song More Pleasing," "Christmas at Hampton Court," accompanied by an enchanting masque, and several others. Among other divertissements there is a highly comical wrestling match between the French King and Henry to decide an issue that might well result in war, an excellent solution to be noted by all future statesmen.

I cannot imagine why some of our more important critics have been so inhospitable to Rex. My only theory is that they no longer care for elegance, style and regal manners. We have been too accustomed to the kitchen-sink mentality, the rock scores, the permissiveness and the way-out nature of our recent musicals. For me Rex is magic.

Hard on the heels of the lovely Rex came So Long, 174th Street, another musical. It is an adaptation of "Enter Laughing" (an infinitely better title), a play by Joseph Stein which, in turn, was an adaptation of a novel by Carl Reiner.

Book Reviews will appear in to-morrow's paper

Stein has adapted his own play which, by the way, was extremely comical and somehow faltered in the process. The music and lyrics by Stan Daniels are no better (if not worse), the direction by Burt Shevelove is way below his usual standard and only Robert Morse as the lead saves the show from total disaster. He plays a kind of Walter Mitty character, a delivery boy in the Bronx who dreams of becoming a Broadway star. In the beginning a dream or two is quite amusing, but the play coasts downhill rapidly.

Frederick Brisson has given So Long as tacky a production as I have seen in quite some time, trying to evoke the Thirties, the period in which the play is laid (and remains recumbent), with no success whatever.

Morse manages to overcome many of the scores of flaws, but is not helped much by his cast with the notable exception of George S. Irving, who plays comically and well a fly-by-night proprietor of a theatrical company that does not charge admission but collects practically nothing from its sparse spectators. Actually Morse has to pay them to act. He finally becomes a druggist to the relief of all.

School brass bands festival

The first national school brass band festival will be held at Central Hall, Westminster, on Saturday, May 22, at 7 p.m., sponsored jointly by the National School Brass Band Association and Dynatron Radio Ltd. The massed band of some 200 students will be conducted by Harry Mortimer, and David Jacobs will be the compere.

The compositions of the four finalists in the first national composers' school brass band music competition will have their first public performance at the festival. Prizes of £500, £200, £100 and £50 respectively will be awarded by a panel of adjudicators under the chairmanship of Sir Lennox Berkeley.

WORLD TRADE NEWS

Germany in dilemma over Nairobi commodity plan

BY ADRIAN DICKS

BONN, May 19.

THE WEST German Government will decide on Monday whether to throw its weight behind the U.S., or to stand by its EEC partners during the remaining, and decisive, phase of the UN Conference on Trade and Development in Nairobi.

At stake is not only a profound difference in economic philosophy but also, in the view of senior officials here, the probable fate of the "dialogue" with the developing countries, to which Bonn attaches great importance.

The U.S. Secretary of State, Dr. Henry Kissinger, is awaited here this week-end. As the Germans see it, his visit will be crucial for deciding whether the U.S. will join a common position set by the other industrialised countries, or whether it will risk isolation by sticking to its present position.

Specifically, Dr. Kissinger will impress upon Chancellor Helmut Schmidt and his Foreign Minister, Herr Hans-Dietrich Genscher, his proposals for an international raw materials bank outlined in Nairobi. A survey of raw materials policy drawn up for the German Cabinet drew attention to the need for protecting new investment in resources development, as well as for increasing Germany's direct stake in it.

Far more important, in the German view, is the maintenance of free market predominance in setting the prices of commodities. The German Government is not unanimous on the issue but has hitherto come down hard against commodity agreements of the type suggested at Nairobi by the Third World. It believes that a better way to transfer resources to poorer countries would be to extend the system of income guarantees embodied in the Lome agreement.

However, Bonn has also come under heavy pressure from the rest of the Nine—notably France and the Netherlands—to go along with at least a watered-down version of the Third World's integrated commodity plan. For all their faith in the free market as the best way to determine supply and demand of major commodities, the Germans are also sensitive to the claims of European solidarity. They admit they have made little headway at Nairobi against Third World insistence on a network of commodity price agreements.

John Worrall adds from Nairobi: West Germany was revealed to-day as the stoutest protagonist of the "little or no give" position of many industrial countries against the demands of the Third World.

Attacking the proposed mandatory code of conduct for the transfer of technology from industrial to developing nations, Mr. Joachim Jaenicke, leader of the West German delegation, argued at a news conference that the Third World countries justifiably wanted to protect their raw material resources. "But technology is one of the German resources," he said, "and if we accept a binding code for its transfer we are attacking the vitals of our economy."

Shipping surplus due to Canal reopening

By John Wyles, Shipping Correspondent

A SHIPPING tonnage surplus of between 10 and 15 per cent. due to the re-opening of the Suez Canal was reported yesterday by the Far East Freight Conference.

Commenting on the publication of the FEFC's annual report, Mr. Harry Karsten, the conference chairman, said in London that the Canal had been an added difficulty for the 28 member lines during a year when their total trade had dropped 2m.-3m. tons.

Use of the Canal reduces the Europe-Far East voyage by about 3,500 nautical miles, which means that fewer ships are required to carry the tonnage previously shipped by the Cape of Good Hope route. Mr. Karsten estimated that roughly 500,000 gross tons surplus tonnage had been caused by the reopening of Suez, which was now being used for about 60 per cent. of the trade being carried by conference lines.

On the trade front, eastbound cargoes (from Europe to the Far East) fell by 30 per cent. last year to reach their lowest level since 1972. Westbound trade held much steadier, which meant that the imbalance between the two trades worsened.

Excluding cargoes destined for the Mediterranean and the Red Sea, some 40 per cent. of the trade carried by the conference is eastbound and 60 per cent. westbound.

Mr. Karsten disclosed that the conference had selectively cut certain rates in order to fight price-cutting competition from outsiders, particularly from Russian shipping lines and the Trans-Siberian railway. He estimated that the railway now carried 10 per cent. of total trade from the Far East and 7.5 per cent. of eastbound cargoes. Russian shipping lines had captured less than 5 per cent. westbound and no more than 1 or 2 per cent. eastbound.

Steels stance surprises U.S.

BY DAVID BELL

WASHINGTON, May 19.

AMERICAN OFFICIALS reacted with some surprise here to-day to the official statement from Brussels yesterday that the EEC has rejected President Ford's demand that the two sides should negotiate an orderly marketing agreement to reduce imports of special steels.

A spokesman for the President's special trade representative said this afternoon it had been expected for some time that the Community would reject a formal marketing agreement, but the discussions are still continuing on the possibility of an informal unsigned agreement in advance of the U.S. deadline on June 14.

The U.S. International Trade Commission ruled earlier this year that imports of special steel from Europe, Japan and Sweden were damaging domestic producers, and recommended that quotas should be imposed on imports of the steels if no agreement could be reached on orderly marketing agreements within 90 days.

A Japanese team is in Washington discussing a possible Japanese orderly marketing agreement covering the 48 per cent. of all special steel imports for which the Japanese are responsible. A Swedish team is due here next week to discuss Sweden's 11 per cent. share of the market.

Under U.S trade law, if one major country signs an orderly marketing agreement, the U.S. Government has the power to impose similar agreements on other countries involved even if they do not voluntarily agree. Some of the heat has been taken out of the suitation by the fact that earlier this month the U.S. decided to drop its formal anti-dumping inquiry into the import of foreign cars, although an informal investigation appears to be continuing. The President also decided earlier this month not to follow the recommendation of some members of the Trade Commission and impose quotas on shoe imports.

There has been fears that the U.S. was about to enter a protectionist phase, but these have more or less subsided, and privately the Common Market appears to be resigned to some sort of quotas if only for a short period. The exact level has yet to be fixed, but it is expected to be somewhere around the 146,000 tons a year for all imports recommended by the International Trade Commission.

Yugoslav trade improves

By David Lascelles, East European Correspondent

THE TRENDS in Yugoslavia's foreign trade have improved in the first months of 1976, according to the Foreign Trade Minister, Mr. Emil Ludwiger, speaking in an interview with the Financial Times in Belgrade. Exports have been rising, and foreign currency reserves have remained stable.

These trends have emerged after two difficult years in which Yugoslavia notched up a total deficit of some $2bn., partly because of the slump on world markets and partly because of its failure to regulate home home demand.

But, though Mr. Ludwiger said he would wait for six months before drawing any long-term conclusions from these trends, he did not hold out much hope for a relaxation of the strict import control measures introduced during the crisis.

EEC deficit contracts

BRUSSELS, May 19.

THE DEFICIT in the overall trade balance of the European Community contracted to about 2.89bn. units of account (about £1.45bn.) in 1975 from 14.5bn. U.A. in 1974, according to figures published by the EEC statistics office.

This balance includes trade within the EEC as well as with the rest of the world. Excluding internal EEC trade, the Community's 1975 external trade deficit shrank to 3.82bn. U.A. from 15.8bn. in 1974.

The figures essentially reflect the general decline in economic activity during 1975, the statistics office said. Levelling off demand in all EEC member States during 1975 reduced 1975 overall imports which fell 3 per cent. to 227.9bn. U.A. while in 1974 they had risen 37 per cent., the statistics office said.

Total exports rose 2 per cent. to 225bn. U.A., although this growth trailed the 1974 increase of 31 in EEC exports from 1973, the office noted.

The Community's trade with the rest of the world was marked in 1975 by a 6 per cent. decline in imports to 117.8bn. U.A., while exports rose 5 per cent. to 113.98bn. U.A. The major contribution to the sharp reduction in the EEC trade deficit came from the Community's balance of trade with oil exporting countries, the office said.

Its figures showed that EEC imports from Middle East oil producers declined 10 per cent. to 23.13bn. U.A. while exports to these countries rose 83 per cent. to 8.86bn. U.A.

Community imports from African oil producers, Algeria, Libya and Nigeria, declined 30 per cent. to 7.06bn. U.A. in 1975 while exports rose 46 per cent. to 6.74bn. U.A.

Another stabilising factor was the development of EEC trade with Communist countries, the office said, noting EEC imports from these rose only 3 per cent. to 7.9bn. U.A. last year.

AP-DJ

Westinghouse signs for Egypt reactor

CAIRO, May 19.

WESTINGHOUSE of the U.S. has signed a letter of intent to sell Egypt a nuclear reactor for an electricity generating plant, a Ministry of Power official said here to-day.

Ministry under-secretary Maher Abaza said the signing indicated Egypt preferred the Westinghouse bid to one by another U.S. company, General Electric. The Westinghouse equipment was cheaper, smaller and more adaptable to Egypt's power network but "we have six months to decide," he said.

The U.S. agreed last autumn to sell Egypt two nuclear reactors and related technology and supplies valued at $1.2bn. The agreement, to be financed by a long-term loan, still has to be approved by Congress.

Under the terms of the agreement Egypt has consented to the International Atomic Energy Agency enforcing safeguards. These are designed to ensure that the reactors are used for peaceful purposes only and that any plutonium they produce will be processed and stored outside Egypt. The reactor is scheduled to be installed by 1983.

AP-DJ

South African $1bn. contract

JOHANNESBURG, May 19.

A BILLION dollar contract for the supply and erection of a nuclear power station for a utility owned by the South African Government is likely to be awarded before the end of this month. Mr. Philip Theron, South Africa's Secretary for Industries, said that tenders for the contract expire then.

A spokesman for the utility, Electricity Supply Commission, said that the front runner for the contract is a consortium led by General Electric of the U.S. and including Brown Boveri of Switzerland and Rijn-Schelde-Verolm of Holland. Other bidders are a German-South African consortium and a French group.

A Government source said that it was likely that the GE consortium would be awarded the project if they could provide the "necessary Government guarantees." The source added that these guarantees included export credits. South Africa, which had a $1.8bn. deficit on its current account in 1975, is short of foreign exchange.

AP-DJ

Canada, Lockheed deal collapse

OTTAWA, May 19.

PRIME MINISTER Pierre Trudeau confirmed to-day that the $1bn. deal under which Canada would have purchased 18 Lockheed Orion long range patrol aircraft has collapsed unless Lockheed can arrange its own financing. Mr. Trudeau made the announcement after the Canadian cabinet held two special meetings to discuss possible financing of the contract.

The decision was a complete switch from the decision made on Monday at a special cabinet meeting, when it was agreed there would be arrangements for Government financing of the deal. The U.S. aircraft maker has failed to arrange the $359m. in start-up money from a consortium of 10 major Canadian banks.

AMERICAN NEWS

Why political buffs blush

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May

NOT SURPRISINGLY, just about the only sane, if wry, comment on the state of U.S. electoral politics came this morning from Mr. Morris Udall from Arizona. The leading liberal Democratic candidate has now finished second in no less than seven primaries and was asked what he thought his chances were now. America, he replied, is "a win culture," but since nobody seemed to be winning anything consistently it was therefore quite reasonable to postulate that he himself would take his party's nomination—on the second ballot.

As a theory, it seems, quite frankly, as good as any. Nobody has managed so far to get this election season right for more than the odd week at a time. Nobody, partisan, politician or commentator, can claim to have foreseen President Ford's landslide victory in Michigan yesterday.

His private polls had put him only four points ahead in the State, yet he won by 31 per centage points. His staff was in a state of genuine disarray, deeply concerned that he might be rejected in his home State and gravely doubting that his new "Presidential" stance on the campaign trail would be any more effective in Michigan than in Indiana, where it cut no ice at all: mischievous Democrats, it was feared, were going to vote for Mr. Ronald Reagan in droves in Michigan: even the esteemed political correspondent of the Washington Post, Mr. David Broder, felt moved to write a column in this morning's newspaper (before the results came in) pointing out what a nice place Grand Rapids, Mr. Ford's home town, would be to retire in.

Two months ago, a lot of people were wondering what Mr. Reagan was going to do in his old age. After all, his campaign had been based on the assumption, widely shared, that he would upset Mr. Ford in the early primaries. Having failed, he was down, nearly out and going nowhere when he won in North Carolina. But even that was thought to be a minor aberration and when the President threw himself into Texas, drawing big crowds, forecasts of Mr. Reagan's imminent demise abounded.

But he thrashed Mr. Ford in Texas, proceeded to take four of the next five primaries and suddenly was the Republican front runner. Even a narrow loss in Michigan, it was said,

The U.S. Presidential Election

would effectively administer the coup de grace to the struggling incumbent.

It has been just as difficult on the Democratic side. When Mr. Jimmy Carter beat Senator Jackson and Mr. Udall in Pennsylvania and followed that up in the same week with an overwhelming victory in Texas, that, everybody thought, was that. When Senator Hubert Humphrey, almost tearfully, said that he was not going to get into any late primaries, in spite of vast pressures on him, it was quite clear that he had concluded that Mr. Carter was unstoppable. There is absolutely no reason to suppose that Mr. Humphrey was, at the time, dissembling.

But now Mr. Carter has been sandbagged first by Senator Church in Nebraska and now, more convincingly, by Governor Jerry Brown in Maryland. He came within a hair's breadth of losing to Mr. Udall in Michigan, as he had a week earlier in Connecticut, and he has emerged with his aura of invincibility distinctly tarnished.

But where is the logic in the Carter performances? In Michigan, for the first time, he had major union backing from the United Automobile Workers, yet barely scraped by. Previously his opponents have had that support, with varying degrees of intensity. It is almost tempting to conclude that union backing is more of a hindrance than a help in 1976.

By the same token, the support of local Democratic political establishments in primary states had, apparently, been of marginal value. Their opposition to Mr. Carter had been almost completely ineffective—until they embraced Governor Brown in Maryland, which probably contains more political hacks per square mile than any other state in the Union. But nobody knows whether it is now safe to deduce that the establishment still does count, or whether Mr. Brown's victory was the product of fresh personal charisma.

On the Republican side, establishment backing for the President, which has been unvaryingly solid, would also seem to be a movable feast. President Ford holds a mere seven to six lead over Mr. Reagan in the contested primaries in Michigan, Governor Milliken and his machine did their work well but in Nebraska, where everybody had assumed that the Republican Party really did know how to deliver the goods, the President was nearly humiliated.

Then there is the debate over whether it is more important to win popular vote primaries, because this attracts most attention, or to win delegates, because this is how nominations are won. Senator Jackson thought he could play the latter game by scooping the pool in the big industrial states with large delegations, but found that he could not compete with the momentum picked up by Mr. Carter who won both popular votes and delegates in a series of smaller states. Now the boot is on the other foot. Technically, Mr. Carter had a good day yesterday, adding over 100 delegates to his total in Michigan and Maryland (where Governor Brown not properly organised).

But even though he widened his lead in this and is still on track to take or more to the Convention, the Brown popular vote that has captivated the and which should have influence in the big race in fornia three weeks from should also stem the uncommitted delegates to Carter camp. But it may there are six primaries next day, in three of them (Idaho and Nevada) Mr. Car now vulnerable to both Se Church and Mr. Brown, but three only send half the nu of delegates to the Conve as the other three (Ark Kentucky and Tennessee), the Carter lead has not seri been questioned.

But perhaps Mr. Carter's in these states bordering South is not to be taken granted now. After all, Mr. who, in all his campaigns, shown no evidence of being to break out of his suburban straitjacket, ficantly broadened his ba Michigan. President Ford been preaching his econ achievements in Michigan audiences in a state with highest unemployment rat the nation (12 per cent.), yet returned in a landslide. In land, Governor Brown shat the accepted wisdom that Carter had the Black vote up. Nor is the crossover consistent: in Texas and Ind it helped Governor Reagan the 800,000 Wallace Democra Michigan were not so moved.

All these contradictions ironies may amount to apologia for the supp political experts, but perhaps this remarkable political such a task is in order. have never been as many primaries before and before have so many states the capacity to spring surpr And there are still 12 prima to go.

Arab boycott companies face Senate tax threat

BY DAVID BELL

WASHINGTON, May 19.

THE SENATE Finance Committee tentatively accepted last night a far reaching proposal which, if approved by Congress, would deny foreign tax advantages to American companies which comply with the Arab boycott of Israel.

This is only one of several proposals now before both the House and the Senate and yesterday's vote was not conclusive since a number of committee members were not present. Nevertheless it underlines the growing force of Congressional opposition to the boycott despite repeated warnings by both the State Department and the Treasury that legislation of the type proposed would seriously damage U.S. peace making efforts in the Middle East.

Under the provision which the committee approved eight to five yesterday after a good deal of argument American companies with income from any Arab country that sponsors the boycott would have to repay the amount of such income to the Treasury which in turn would be charged with deciding whether the company is complying with the boycott.

Any company found to have gone along with its terms—and the Commerce Department reported recently that almost every American company with business in the area has done so—would lose four specific tax benefits. These are U.S. tax credits for foreign taxes paid, deferral of U.S. tax on foreign income until it is repatriated, the deferral of tax on the first half of export earnings and the exclusion of the first $20,000 of income earned abroad by employees of U.S. companies.

Sen. Russell Long, the chairman of the committee, argued strongly against the provision which was proposed by Sen. Abraham Ribicoff. Sen. Long said that he was opposed to legislation denying tax credits to companies taking part in boycotts of foreign countries. "When a country's at war with someone that's how it is," he said. But he added that he did favour denying tax benefits to U.S. companies that took part in boycotts of American companies owned or managed by Jews "or any other race or religion."

Mr. Charles Waker, an Assistant Treasury Secretary, lost no time in warning the committee that a ban of the type proposed would be likely to "do irreparable damage to the U.S. position in the Middle East" and would probably "cripple our efforts to acheve a reasonable peace settlement."

In a separate development the committee overwhelmingly voted down a proposal to repeal or sharply curtail the provision under which U.S. tax can be deferred on half the export earnings of U.S. companies. The Committee will consider later to-day whether to retain this tax advantage in its present form or scale it back a little as the White House has proopsed.

Ford wants Court to review 'bussing'

By David Bell

WASHINGTON, May 19.

PRESIDENT FORD has aske the Attorney General to try find an "appropriate case which would allow the Suprem Court to review the whole issu of forced bussing—the contr versial practice under whic children are taken by bu across American cities to try to achieve racial balance in schools.

This decision has provoked a storm of protest from civil rights leaders who yesterday accused Mr. Ford of "seeking to put the clock back 10 years" and of deliberately choosing to bring the issue up in the middle of his election campaign. Mr. Ronald Reagan has been making no secret of his opposition to bussing in his primary speeches and there is bitter opposition to it among many Republicans.

Mr. Edward Levi, the Attorney General, met leaders of the anti-bussing movement in Boston yesterday afternoon following the revelation that at the end of last week he had let it be known that the administration might even interven in court on the side of the anti-bussing forces. Boston has been the scene of violence and prolonged unrest after a federal court ordered bussing scheme was introduced earlie this year.

White House confirmation that Mr. Ford had indeed pressed Mr. Levi to see if the bussing issue can be resurrected in the Supreme Court followed three days of statements by Mr. Ron Nessen the President's Press Secretary, which strongly suggested that Mr. Ford had never made such an approach. The President has long been on record as opposing bussing but the Supreme Court ruled unanimously in 1971 that federal district judges do have the right to order bussing where necessary to eliminate unlawful school segregation.

Canada raises domestic crude price

OTTAWA, May 19.

THE PRICE of domestic crude oil will rise by $1.75 a barrel in two stages over the next year, Canadian Energy Minister Alastair Gillespie has said.

He told the House of Commons that it will rise by $1.05 a barrel on July 1 and by a further 70 cents next January 1. The current price is $8 a barrel.

The Minister said the increases will not hit consumers until 60 days after the price of crude oil increases at the wellhead. The combines rises are expected to add about 5c a gallon to petrol and home heating oil.

The price of natural gas will increase by 15.5c a thousand cubic feet on July 1 and by a further 10c next January 1. It now sells for $1.25 per mcf at wholesale in Toronto.

The price rise was part of Canada's policy of gradually increasing petroleum prices to world prices. The Government was granted price-fixing authority for petroleum under the 1975 Petroleum Administration Act.

The Federal Government has said that the price increases are necessary to provide the oil industry with funds for additional exploration.

Under the new pricing structure announced by Mr. Gillespie, for every $1 increase in the oil price, the provinces receive about about 44c, the Canadian Government 3c and the companies the remaining 53c, if they invest half the increase in exploration. If they do not reinvest, Canada's share could rise to as much as 27c.

Reuter

More companies reveal overseas payments

BY JAY PALMER

NEW YORK, May 19.

A NUMBER of large U.S. companies, including Trans World Airlines, Consolidated Foods and GAF, have disclosed making improper payments overseas to further their business interests. The company's statements coincide with moves by the U.S. Senate Banking Committee to drop its call for an outright ban on such overseas payments by American corporations.

The latest bribe disclosures—which increase to well over 100 the number of U.S. companies which have admitted making such payments—all came in annual filings with the Securities and Exchange Commission (SEC). That agency, together with the Internal Revenue Service and the Justice Department, has been heading an investigation into the subject.

TWA, in its filing, said that its payments occurred in an unidentified foreign country between May 1975 and March of this year—a period of time after the furore over corporate bribery had started. Payments over the period totalled $700,000 and were used for unauthorised payments to cargo agents and tariff rebates to shippers. Although the company refused to confirm it, the Wall Street Journal this morning claimed that the payments occurred in West Germany.

Champion International, a building materials company, said that foreign affiliates had made previously unrecorded payments and received unrecorded payments in 1974 and 1975. The cash transfers were not recorded on books or reported to local tax authorities.

Consolidated Foods' internal investigation, started in the wake of other companies' bribery scandals, has uncovered unreported foreign political contributions totalling $10,000 or more since 1969. GAF, the photographic products company, disclosed non-material payments made overseas involving its corporate advertising programme.

The move by the Senate to moderate its earlier harsh stand followed an SEC investigation into the whole subject of corporate payments. While the SEC argued for tough laws against falsifying corporate books or misleading auditors, the agency claimed that in certain cases payment could be regarded as essential. It is now thought that Congress as a whole will move to enact the SEC's proposals.

Seatrain, Burmah trial date

By John Wyles, Shipping Correspondent

A TRIAL date has been set in July for a $47m. (£26.1m.) suit being brought in New York against the Burmah Oil Company by Seatrain Lines, the American container ship operators.

The claim, which Burmah is fighting, is for damages stemming from the British oil company's alleged failure to deliver an oil tanker according to a charter arrangement.

Seatrain claim that one of its subsidiaries was due to charter the tanker in the autumn of 1973. At that time tankers were in extremely short supply with spot market rates reaching their highest post-war levels.

Seatrain alleges that instead of delivering the tanker for charter, Burmah instead operated the vessel in the spot market, taking advantage of the extremely profitable rates available at that time.

"We are completely repudiating any liability," said a Burmah spokesman yesterday.

JAMAICA COCONUT DISEASE THREAT

By Our Own Correspondent

KINGSTON, May 19

Yellowing disease is depriving the Jamaican coconut industry here of 1,000 trees daily. The local Coconut Industry Board has sought U.S. aid to control the disease, which has devastated the islands' coconut industry. Production has been cut to less than one quarter of the amount required to meet domestic demand.

Caracas to convert Fund

BY JOSEPH MANN

CARACAS, May 19.

THE Venezuela Investment Fund, a $5bn. petrodollar reservoir set up by the Government in 1974, will be converted into a financial holding company which is to manage and oversee all the State's diverse financial entities, according to the Fund's president, Sr. Constantino Quero Morales.

Sr. Quero Morales, speaking before a national assembly of Venezuelan businessmen in Puerto La Cruz, also said that the Fund will apply more of its loans to private sector projects in Venezuela. Up till now, the Fund has made sizeable loans here only to Government owned companies for industrial development projects in areas such as steel, aluminium and shipping.

Other loans from the institution's net assets of over $5bn. have been made to foreign countries and to international financial agencies as part of the Government's foreign aid programme. The great bulk of the Fund's assets, however, are kept in short-term bank deposits in the U.S. and Europe in order to provide easy liquidity.

At the same time, an official of the Venezuelan finance ministry said that the Government would place over $2.3bn. in bonds and other Government obligations on the domestic securities market, thus converting some of the nation's foreign debt into internal obligations. The Government, which had $3.27bn. in official debts at the end of March, expects to borrow over $4bn. from private lending institutions through 1980 in order to finance its industrial development plans.

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OVERSEAS NEWS

Riyadh meeting cancelled with no new date fixed

BY JAMES BUXTON

MEETING in Riyahd of the e Ministers of Egypt and —which it was hoped might led to a reconciliation een the two countries—was lled yesterday just as it was to begin.

e Egyptian Foreign Ministry in Cairo that Mr. Mamdouh n, the Prime Minister, and Ismail Fahmy, the Foreign ster, had not left for the i Arabian capital, at mid- as scheduled, and that no date had been fixed.

Kuwait, which was the h country that was to take in the meeting, it was an- iced that the talks had been oned "indefinitely."

though hopes were held out airo that the meeting might onvened next week, a serious has clearly occurred in iminary negotiations. Last c's announcement of the ting was initially seen as ing to an end of the nine- th war of words between Syria and Egypt which followed Egypt's signing of the Sinai disengagement agreement last September. However, the path to reconciliation was always diffi- cult, with Egypt apparently in- sisting that there could be no backing down from the Sinai agreement and Syria refusing to tolerate any criticism of its in- tervention in Lebanon. But there were hopes the Riyahd meeting would lead to a summit of Presi- dent Sadat and President Assad.

The Egyptian leader has long wanted to achieve a reconcilia- tion with President Asad. Syria appeared to have agreed to go to Riyadh partly because of the influence of the Saudi and Kuwaiti negotiators, who put economic pressure on the Damascus regime, and partly because the stagnation of Syrian intervention in Lebanon has caused the Damascus regime to seek the support of other Arab states.

Since the announcement of the Riyadh meeting, Major Abdel Salam Jalloud, the Libyan Prime Minister has been to Damascus for talks with President Assad and Lebanese Left-wing leaders. There is little doubt that his intervention was motivated by the fear that if Syria reached a raprochement with Egypt, Libya might be isolated in its radical stance on the Lebanon. Libya has therefore tried to inject new strength into Syria's attempt to reach a raprochement both with the Lebanese Left and the Palestinians.

Although initial reactions to Major Jalloud's mission were dis- appointing it is possible that he may have persuaded the Syrian Government at least to postpone, if not cancel, its participation at Riyadh.

In Beirut and the surrounding countryside yesterday there was heavy mortar bombardment between the two main sides in spite of a reported artillary ceasefire.

More die in terrorist clash in Iran

Ten alleged terrorists, three of them women, were killed in gun battles with the security forces in different parts of Iran yesterday, according to an official statement yesterday reports Reuter from Tehran.

According to the statement, the clashes occurred at Kharaj Town, about 28 miles west of Tehran, in Qazwin, northwest of Kharaj, and at Resht, on the Caspian Sea.

The statement said the discovery of the "terrorist hideouts" followed the arrest of people connected with gunmen killed in gun battles in Tehran on Sunday. Three machine guns made in an East European country and eight pistols were found in the hideouts the statement said. It added that a document found by the security authorities established that the group had connections with certain unnamed countries and terrorist groups opposed to Iran. The captured machine guns and grenades come from these foreign sources.

Russians to build Indonesia smelter

The Indonesian Government has accepted an offer from the Soviet Union to build and finance an alumina smelter on Bintan Island, close to Singapore, writes Hamish McDonald.

The agreement underlines the massive re-entry being made by Russia over the past few months into the list of aid donors to Indonesia, following a ten-year freeze.

According to a Government announcement here the alumina plant, to be built near bauxite deposits now being exported by the state mining company Aneka Tambang, will cost over U.S.$300m.

It will produce 600,000-700,000 tons of alumina a year.

Malaysian appeal

Former Chief Minister of Selangor State in Malaysia, Harun Idris has filed notice of appeal against his sentence and conviction on all three corruption charges involving a U.S.$100,000 payment by the Hong Kong and Shanghai bank, AP-DJ reports.

Concorde hold-up

Australia is delaying a decision on whether to allow in Concorde, Reuter reports. The Government said yesterday a decision on whether a public inquiry would be held into the environmental effects of Concorde has been delayed because of the illness of the Minister involved.

Road delay

Construction of Zambia's £8.5m. gravel road to Botswana, which, it is hoped, will end those countries' dependence on the Rhodesian-operated railway system, is a year behind schedule, because of machinery breakdowns and delays in the supply of materials, our Lusaka correspondent writes.

Drop in crude

For the four months following the Kuwait Government's 100 per cent. takeover of Kuwait Oil, it showed an annual drop of 19 per cent. a year in average crude oil production, the Middle East Economic Survey said yesterday. AP-DJ reports.

Angola breaks Portugal link

BY JANE BERGEROL — LUANDA, May 19.

GOLA has asked Portugal to draw its diplomatic repre- atives in the country, and ident Neto has promised to iscate all property, including ories, plantations and homes, ndoned by foreigners who fled the country.

separate statements Presi- t Neto and the Prime ister, Sen. Lopo de Nasci- ito, both deplored strained tions with Portugal and ed that diplomatic relations ld not yet be established with former colonial power.

Lubango, in southern ola, President Neto said h of the blame for current ined relations lay with olan refugees in Portugal, le the Prime Minister, speak- in the Cuban Embassy in nda, said the Government has ed Portugal to withdraw its lomatic representatives.

oth Angolan leaders spoke ensively on foreign relations, firming Angola's non-align- nt and opposition to establish- nt of any foreign military es in the country. While em- isising the development of ations with the Soviet Union Cuba, both leaders were also pains to point to good rela- ns with some Western Euro- an countries, singling out ly and the Scandinavian coun- tries "who have always supported the MPLA."

Prime Minister Lopo de Nascimento outlined co-opera- tion with Cuba yesterday, giving as main items, Cuban assistance in agriculture (principally coffee and sugar) health, and educa- tion. Paying trilubte to Cubans who died in the Angola war, he went on to say technical assis- tants would not merely bring technical skills, "but revolu- tionary impetus to the Socialist cause which they will certainly transmit to our people."

NCB timber inquiry call

FINANCIAL TIMES REPORTER

MRS. JUDITH HART, former Minister of Overseas Develop- ment, has asked the Foreign Secretary, Mr. Anthony Cros- land, to institute an inquiry into an apparent breach of Rhodesian sanctions by the National Coal Board.

According to documents in the possession of the Financial Times, the NCB bought a con- signment of Rhodesian timber in July, 1974. The NCB has denied knowing that the shipment was of Rhodesian origin and announced three weeks ago that it was setting up its own in- quiry.

In a letter this week to Mr. Crosland, Mrs. Hart says that the "question which seems to arise goes somewhat beyond the NCB involvement." She asks: "How many other British companies or corporations have unknowingly breached sanctions in this way? The documents refer to a con- signment of timber apparently much larger than that which went to the NCB. So one assumes other British companies have been importing or using Rhodesian timber."

● Dai Hayward writes from Wellington: The New Zealand Government has banned export of aircraft from New Zealand believed to be destined for Rhodesia. This follows charges made by trade union leaders that Aerospace Industries had sold 14 air trainers for ultimate use by the Rhodesian air force. The sale was made through a Swiss company.

Aerospace Industries denied all knowledge of Rhodesian invovement.

Singapore interest rates now falling

BY OUR OWN CORRESPONDENT — SINGAPORE, May 19.

HE UPWARD trend in interest tes in Singapore over the past ven months has been reversed, h most major banks reducing their prime lending rates.

The leading local bank, the erseas Chinese Banking Cor- ation (OCBC), together with other major banks in Singa- e, has announced a ½ per t. reduction in its prime lend- ing rate to 7 per cent.—the lowest rate quoted in the market.

The easier trend in interest rates is also reflected in the inter- bank money market rates, with overnight money being traded at around 3 per cent. over the past few days and the one-month rate at about 3½ per cent. Most bankers expect the trend to con- tinue for some time because of "excess funds in the banking system."

Commercial loan demand from the private sector, contrary to expectations, has remained rela- tively weak. Figures released by the Monetary Authority of Singa- pore showed bank loans and advances growing by only 1.16 per cent. on a monthly basis. In March compared with 17.7 per cent. three months earlier. Some bankers have also reported an increase in the inflow of foreign funds in recent months.

ISRAEL AND THE WEST BANK ARABS

The occupiers' dilemma

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT

POLICE QUICKLY dispersed Arab youths throwing stones to-day at passing Israeli vehicles in East Jerusalem and nearby Shaafat village, and life seemed to be returning to normal after the death of a young Arab yesterday. As the day advanced, shutters were opening here and there, though the atmosphere was still tense.

Israeli security forces arrested about 40 residents of East Jerusalem for questioning during the night. They included an editor of the El-Shaab Arabic newspaper, Hassan Tahaboub, but he was later released.

Israeli Defence Minister Shimon Peres said the army was looking for new methods of riot control.

Soldiers, under orders to open fire only if their lives were in danger, patrolled the Occupied Zone where some refugee camps were also under curfew.

LENT unrest on the West k has ceased to be a tem- ary phenomenon. Any sug- ion that the momentum of test against Israeli occupation subsiding has been dispelled he demonstrations and strikes he past few days. Ten Arabs e now been shot by Israeli rity forces during the two th period of unrest. But pite tough methods used to p out protest it is clear— n on brief visits to the major t Bank towns—that the in- itants have acquired new rmination to express their ed of the nine year old eli occupation.

the period 1967 to 1969 e were in fact more violent onstrations and incidents— much harsher reaction from Israelis. But, interestingly, received less coverage in the rnational Press, provoked less ment in Israel, and less reac- in the Arab world. The ntial difference now is that present unrest takes place nst the background of the wing international acceptance the Palestinians, and the isation that sooner or later ussion of a Middle East peace lement will have to focus on gnising the Palestinians' t to statehood.

he West Bank Arabs them- es are very conscious of the ves to have the Palestinian e brought increasingly to the in international forums. st Bankers recall with pride leader Yasser Arafat's ap- rance at the UN, or the Rabat mit decision to recognise the as their spokesman. They also conscious of the moves Arab countries to use unrest the West Bank as a means of barrassing Israel at the UN, y no longer feel isolated.

t the same time the munici- elections in April and the rwhelming vote in favour of ionalist pro-PLO mayors has ablished a new sense of unity h among the people and ong the leaders. The mayor of mallah, Mr. Karim Khalaf, who ng with Mr. Elias Friej of hlehem were the only two yors of large towns to be re- cted, commented. "Before e elections) I was acting alone, there was no support. Now we can all protect each other. No one will break ranks."

Yet violence need not have erupted had there not been a series of incidents which in West Bank eyes were outright provo- cations. The principal among these was an Israeli magistrate's decision to allow Jews to worship on the Temple Mount, the estab- lishment of an unauthorised settlement with tacit Israeli army backing at Kaddum, in the heart of the West Bank, and in a pre- viously unsettled area, the march by the right wing movement, Gush Emunim, through the West Bank and the refusal of the authorities to allow a counter protest march. Anger was fuelled by the March riots in Galilee against the confiscation of Arab lands and the harsh reaction by the security forces. An Israeli major is currently being investi- gated for the death of a demon- strator while under arrest. Taken together, all this has generated an unprecedented degree of bitterness among the population which will now seize any oppor- tunity to demonstrate against the Israelis—regardless of the con- sequences.

This is a serious check to Israel's policy towards the West Bank. Prior to the elections Israeli policy could be sum- marised as follows: In the short- term the West Bank Arabs cannot be expected to like Israel or Israeli occupation, but through a growing inter- dependence, and dependence, plus a familiarity of dealing with Israelis the groundwork can be laid for a future relationship whereby it would be in the West Bank's interest to co-operate with Israel. Put more crudely, Israel as a state was there to stay and the West Bank had to come to terms with this whether federated with Jordan and Gaza or as a separate Palestinian entity. In turn this would show the Arab world as a whole that Arab-Israeli co-operation was possible. Thus Israel encouraged Arab labour to cross the green line, provided expertise to the municipalities, marketed its goods on the West Bank, and allowed the "open bridges" policy across the Jordan. Israel also nurtured the hope that under these conditions a third force of reasonable leaders would emerge, independent of the PLO and Jordan.

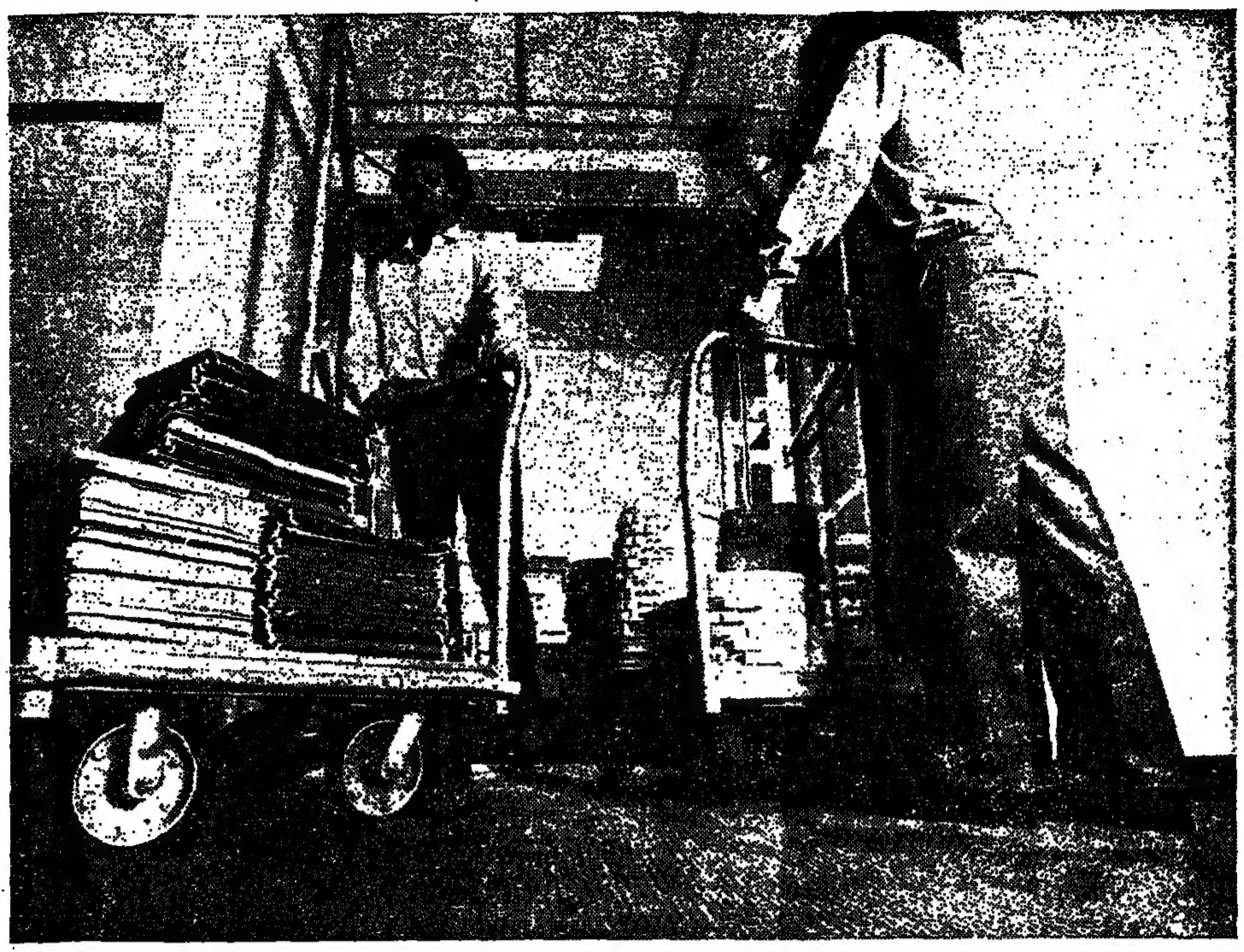
The municipal election results clearly showed how the Israelis had underestimated the cumula- tive effects of occupation work- ing against the creation of a "reasonable" Palestinian leader- ship. The lack of economic opportunity for skilled and pro- fessional people because jobs were few and funds scarce for new industry meant that many of the better off and professional classes left. Those who remained had become radicalised by the arrest or expulsion of friends. Moreover the high degree of schooling on the West Bank (over one third of the 600,000 population is in schools) has meant that the most frustrated elements are those with an edu- cation. It is no accident that the bulk of the recent demonstrators have been college students and school children.

An unforeseen element with potentially important repercus- sions on future Israeli policy has been the increasing contact between Arabs in Israel proper and those in the West Bank. This process has been going on since 1967 but has been acceler- ated by the election this year of a Communist mayor for the Arabs of Nazareth and by the protests against the confiscation of Arab lands in Galilee. The Israelis have now taken this growing identification sufficiently seriously to check contacts between the two Arab communi- ties. For instance Bir Zeit College near Ramallah, which is being turned into an Arab uni- versity, has been accepting Arabs from Israel. The military governorate has now asked Bir Zeit to accept no more.

Immediately Israel is faced with the classic dilemma of an occupying power, whether to ride out the wave of protests in the hope that they will subside, or to clamp down harder with the risk of alienating the population even further. Experience suggests that Israel will adopt the latter course, rather than to be seen to give in to Arab pressure. This means more curfews, preventive arrests, closed schools, and heavy fines on school children (as much as $1,000 which the parents are obliged to pay or go to prison). The Israeli authorities believe that such a tough policy will make the inhabitants realise that protest runs counter to their interests, that the new mayors despite their radical talk will have to deal with them—and King Hussein—because their municipalities need funds and need improvements.

But this belief almost certainly underestimates the strength of West Bank feeling. In the same way the Israelis fail to appreciate the depths by which their settle- ment policy on the West Bank antagonises the local population.

The West Bank leaders believe that Israeli occupation will end. While they calculate this will be largely due to external forces, they themselves will do anything to see that this happens.



Trading in Swiss currency

THE SWISS NATIONAL Bank said its intervention in foreign exchange markets have this year totalled some Sw.Fr.7.6bn. including Sw.Fr.1.66bn. in the period from mid-April to mid-May, reports John Wicks from Zurich. The interventions were made to counter the accelerated rise in the level of the floating Swiss Franc against other currencies necessary particularly in view of the recent weakness of the Swiss economy.

These large intervention subs however have not stopped but only delayed a further strengthening of the Swiss currency the bank says in a pre-publication commentary to appear in the May monthly report.

The National Bank which says its foreign exchange market interventions are not fully covered by foreign exchange sales such as those resulting from capital-export conversion obligations, does not want this situation to bring about a reduction in the banking systems liquidity levels.

Currency offences

Two Austrian bank officials convicted of breaking Italian foreign exchange laws have been fined L 20m. each, reports AP-DJ. They had been arrested at the Brenner Pass last May when Italian Customs officials seized in their cars West German marks worth L20m.

More French jobs

The number of unemployed French workers declined by about 4.4 per cent. in April to 896,900 compared with 938,000 at the end of March, figures released yesterday by the Labour Ministry show, reports AP-DJ. Job offers rose by 7.2 per cent. to 129,000 at the end of last month compared with 120,000 at the same time in March.

Printers settle

German printers' union said yesterday that the majority of its 80,000 members accepted last Thursday's pay settlement thus officially ending the industrial dispute, Reuter reports.

The union said almost 56 per cent. of members voted for the agreement providing for a 6 per cent. pay rise from June.

Norway urges Britain to withdraw 'cod frigates'

BY MALCOLM RUTHERFORD

OSLO, May 19.

THE ONUS for a settlement of the Cod War was placed firmly on Britain to-day when Mr. Knut Frydenlund, the Norwegian Foreign Minister, called for a withdrawal of the British frigates from the disputed waters off Iceland before negotiations could get under way.

Mr. Frydenlund told a press conference on the eve of the two-day meeting of Nato Foreign Ministers here that he believed that such a move by Britain would be "psychologically helpful." Sources close to him said afterwards, however, that he did not think the British Government was yet ready to take this step.

The Norwegian Foreign Minister is the man most likely to be involved in any mediation between Britain and Iceland. But he denied to-day that mediation is taking place. "We are willing to do it," he said, "but neither side wants it."

Mr. Frydenlund's attitude at the press conference was that the Icelandic Government was committed to a prior withdrawal of the frigates before negotiations could be resumed, and that it could not back down from this position because of the pressures of Icelandic public opinion.

These views were expected to be put to Mr. Anthony Crosland, the British Foreign Secretary, and senior British officials who were having dinner with Mr. Frydenlund this evening.

The call for the withdrawal of the frigates was not entirely surprising, but Mr. Frydenlund went on to suggest that it would be unrealistic for Britain to expect a *quid pro quo* in the form of Icelandic assurances that there would be no harassment of British trawlers while negotiations took place.

The Foreign Minister said he was "not convinced" that there could be "linkage" between withdrawal and stopping the harassment, nor would it be possible for Icelanders simply to turn a blind eye while the British went on fishing.

Linkage

It might be possible, however, to find some other form of linkage—for example, Mr. Frydenlund went on, between a withdrawal of the frigates and an Icelandic commitment to start negotiations.

Norway, he said tended to agree with the Icelandic demand that the frigates must go, and also had some sympathy for the decision unilaterally to declare 200-mile fishing limits. The British might be right under existing law, but another law was about to be established through the United Nations Law of the Sea Conference.

This theme was taken up by Mr. Joseph Luns, the Nato Secretary-General, who told a Press conference that he deplored the continuance of the dispute, "the more so as it is a matter of time before the dispute will solve itself."

There are as yet no firm plans for a meeting between Mr. Crosland and the Icelandic Foreign Minister, Mr. Einar Augustsson, though Mr. Augustsson had a meeting with Mr. Luns this evening at which the cod war was undoubtedly discussed.

The other internal alliance disputes which are likely to be broached on the fringe of the formal Nato sessions are those between Greece and Turkey. There is expected to be at least one meeting between the respective Foreign Ministers to discuss the Greek call for a treaty of non-aggression and other outstanding issues.

The main items on the Nato agenda proper are the state of the negotiations on East-West force reductions in Central Europe (MBFR), follow up to the European Security Conference, the situation in the Mediterranean and the state of East-West relations in general.

There will also be an interim report from the committee on defence equipment which was set up last December to explore ways of making more efficient use of resources.

The Italian situation will dominate the background, but there is a great deal of sensitivity about discussing it in public.

East unyielding at MBFR talks

BY PAUL LENDVAI

VIENNA, May 19.

THE 19-nation East-West force reduction talks (MBFR) resumed here to-day after a five-week recess with the East German spokesman, Ambassador Oeser publicly accusing Nato of sticking to what he calls unrealistic concepts.

In a statement made at a Press conference replete with references to recent speeches by Soviet and East German communist leaders, the Warsaw Pact spokesman failed to add anything new to the standard Eastern arguments. He only reiterated time and again that following the East bloc proposals of February 19, the ball now was in the West's court.

A NATO source told journalists that at to-day's plenary meeting, the 102nd since the talks started here two and a half years ago, the Dutch delegate, Ambassador De Vos, speaking on behalf of the Western Alliance, rejected the latest Eastern proposals as merely a recasting of old proposals aimed at contracturalising and freezing the existing disparities in Central Europe. The Nato speaker also claimed that the Western proposals of last December, including, for the first time, an offer to reduce U.S. nuclear strength in Europe was a significant move and that Nato was still waiting for a "serious response" from the East to those proposals.

The East showed to-day no inclination to accede to the Western demands and to produce its own figures on ground forces and armament. Ambassador Oeser of East Germany did not explicitely refute suggestions by Western journalists that the Warsaw Pact was still insisting on seeking percentage reductions for each direct participant already in the first phase of negotiations. Informed sources believe that the Warsaw Pact will make no substantive move in the near future, waiting for the outcome of the Italian, German and U.S. elections.

Arabs call for tougher EEC line on Israel

By David Curry

LUXEMBOURG, May 19.

ARAB LEAGUE countries have warned the EEC that there can be no sustained progress in its relations with the Arab world until it sharpens its hostility to Israeli occupation of Arab lands.

They have established a clear link between progress on the political problem of recognition of the Palestine Liberation Organisation and progress on economic and industrial co-operation between the Arabs and the EEC.

The Arab side at the Euro-Arab dialogue discussions said the EEC opening statement had not advanced already familiar "declarations of intention." It urged the Community to be "more concrete and more forward" on the two issues of Israeli occupation of Arab lands and Palestinian nationhood.

The EEC position is to support UN Security Council declarations calling for Israeli withdrawal from conquered territory and to concede the need to establish a Palestinian "national identity."

The Arab position was put by Mr. Abdel Aziz Chamlan, the Bahraini co-president of the Arab League and Bahraini ambassador to Egypt. Among means of bringing pressure to bear on Israel, he referred to stopping arms supplies, economic sanctions, and much more explicit statements of condemnation. The EEC had failed to make "any genuine effort to compel Israel to end "the occupation of Arab lands, while it had gone ahead with an economic agreement with Israel (in the framework of the Mediterranean agreement) and had surrendered to "Zionist pressure" in granting financial credits.

There is little the European side can do in response to the Arab demands. The EEC delegation cannot go further than the position taken by the Council of Ministers which reflects the greatest level of agreement possible among member states. The most it can hope to do is to restate its position in the hope of persuading the Arabs of its good will and to keep technical and economic discussions ticking over while member Governments study Arab claims.

The Queen's visit to Finland: Lance Keyworth tel[...]

Why Britain is liked

QUEEN ELIZABETH and Prince Philip begin their four-day State visit to Finland on Tuesday. When she goes ashore from the Royal Yacht Britannia to greet her host, President Urho Kekkonen, the Queen will add a landmark to the history of Finnish-British relations: it will be the first time that a British monarch has visited Finland.

The Royal couple can expect an enthusiastic welcome everywhere from the Finnish public, who have always shown an extraordinary interest in the British Royal family. The Duke of Edinburgh was here for the Helsinki Olympics in 1952, and in 1970 his visit was the climax of the "Britain in Finland 1970" trade drive.

The first Englishman to have paid a recorded visit to Finland seems to have been Henry, who became Bishop of Uppsala in Sweden. He landed on the south-west coast to join the crusade mounted in 1157 by the Swedish King Eric to baptise the heathen Finns. Their reception was far from enthusiastic. About a year after his arrival a Finnish yeoman named Lalli slew Henry with an axe on a frozen lake. The Finns put that right later by making him their patron saint.

The next Finnish-British link of historical note took place during the Crimean War when Finland was an autonomous Grand Duchy of Czarist Russia, and thus on the wrong side. "We are always on the wrong side," the Finns complain.

The British fleet bombarded Finnish fortresses and coastal towns where, to-day, with their puckish sense of humour, the local inhabitants bustle the visiting Briton into the town museum and show him some of the cannon-balls that the Royal Navy hurled into their wooden settlements.

Britannia will berth in the south harbour of Helsinki, right under Observatory Hill, which is expected to be crowded with spectators to see the welcoming ceremony for the Queen and the Duke. In 1854, when the Royal Navy was bombarding the island fortress of Suomenlinna in the same harbour, that same hill was speckled with the local inhabitants who climbed up there for a grandstand view of the action.

Those echoes of the Crimean War in the remote north were the last shots fired in anger between Finland and Britain. World War I and the Bolshevik Revolution found Finland preparing to declare itself independent, which it did in 1917. But Finland was drawn into World War II, at first watched with wonder and admiration as it resisted its huge Soviet neighbour. Winston Churchill in his broadcast speech in January, 1940 said: "Finland alone—in danger of death, superb, sublime Finland—shows what free men can do."

But the political constellations changed, the Soviet Union joined the anti-Nazi alliance, and on December 6, 1941, Finnish Independence Day, the Finns were told that Britain had declared war on their country. There is an apocryphal story of how the front line soldiers facing the Red Army took the news: "Suppose we'd better shave now that we're fighting gentlemen" There was no physical confrontation between the two sides.

> 'It would seem that the Finns have more reason to dislike the British than vice versa.'

It would seem from this skimpy and selective view of the history of Finnish-British relations that the Finns have more reason to dislike the British than vice versa. But in fact the fund of goodwill for Britain is as great as it is sometimes inexplicable. It may have something to do with the respect for tradition shown by a young democracy. Whatever the reason, there are absolutely no political problems outstanding between the two countries. Given this day and age, and the history and geopolitical position of Finland, this is remarkable.

Trade has strengthened the bonds between the two countries. Addressing the Finnish-British Trade Association last month, Dr. James Cable, the British Ambassador to Helsinki said: "Finland, with fewer than 5m. people ranks 19th among all our trading partners—as a supplier and as a market. She is more important to us than many far larger countries." Viewed from the other end, the U.K. has traditionally been Finland's most important market, but in the past two or three years has had to yield pride of place to the Soviet Union and Sweden. In 1934, nearly 47 per cent. of Finnish exports went to Britain. By 1975 the ratio had shrunk to 14.7 per cent. The sharp change last year was due to the s[...] in the market for the produ[...] the timber industry, whi[...] still the mainstay of Finnis[...] port earnings and account[...] some four-fifths of this cou[...] exports to Britain.

From the British point of [...] however, the worrying poi[...] the steadily declining B[...] share of the Finnish mark[...] was 16.3 per cent. in 1969, [...] per cent. in 1973, and sho[...] 9 per cent. last year. The d[...] in Finland's favour has [...] running at between £200m. [...] £300m. The gap narrowe[...] 1975 to £60m., but that wa[...] exceptional year. The [...] gains in the value of Britis[...] ports to Finland barely [...] the annual rate of inflation. [...] Soviet leap forward is due t[...] oil crisis. The Soviet Uni[...] the main supplier of Fin[...] liquid fuels, and when oil p[...] soared the value of Sovie[...] ports to Finland automati[...] rose sharply. Sweden is a [...] neighbour and gives Finla[...] lot of sub-contracting work[...] some cases it is also impo[...] that Sweden is not a me[...] of Nato.

The reasons for the disapp[...] ing British showing in [...] Finnish market have [...] analysed again and again. T[...] was a time when pers[...] delivery delays were blame[...] lack of competitiveness, nei[...] of which causes are fundame[...] to-day. Sterling has depreci[...] a good 30 per cent. against [...] Finnmark in the past [...] years. Another reason give[...] lack of personal contacts at [...] enough executive levels. [...] hundreds of British business[...] have visited Finland and, as [...] as can be judged, have depa[...] satisfied.

Perhaps the real reason is [...] the main body of British ex[...] firms has concentrated on [...] Common Market, not caring [...] not knowing enough about [...] slightly more remote Fin[...] market. The fact remains th[...] is a growth market and w[...] exploring, even in these ex[...] tional times of the irritating [...] temporary non-tariff barr[...] that the Finns have had to e[...] because of their serious [...] ments imbalance. The good[...] for Britain in Finland must [...] stressed again, though it sho[...] not be mistaken for sentime[...] The Finns may feel it necess[...] to shave when they meet gen[...] men, but they insist on buy[...] shaving cream on the best ter[...]

EEC trade deficit cut

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, May 19.

THANKS partly to a sharp improvement in their trade balance with Middle East and African oil exporting states, the EEC member countries cut their aggregate external trade deficit to 2.9bn. units of account (roughly £1.5bn.) last year from 14.5bn. units of account in 1974.

New figures published by the Community's Statistical Office in Luxembourg show that despite the worldwide recession, the Nine managed to increase their total exports by 2 per cent. in value terms to 225bn. U.A. last year, while reducing their total imports by 3 per cent. to 227.9bn. U.A.

The general pick-up in world economies during the later months of last year was reflected in renewed growth in the Nine's external trade during the final quarter, following sluggish growth or net declines during the earlier part of the year.

The report notes that for the year as a whole the most marked improvements in the trade balances of individual countries were recorded by Britain, France and Ireland, while the trade accounts of West Germany, Belgium and Luxembourg all deteriorated.

As far as the EEC's major trading partners are concerned, a pronounced shift occurred in trade with oil exporting states. Imports from Middle East oil exporters fell by 10 per cent. during the year to 23.1bn. U.A., while imports from the three main African oil exporters (Algeria, Libya and Nigeria) fell by 30 per cent.

At the same time, exports to the Middle East group rose by 53 per cent. to 5.89bn. U.A.; and exports to the three African countries increased 46 per cent. to 6.7bn. U.A.

Berlinguer restates coalition view

BY ANTHONY ROBINSON

ROME, May 19.

SIG. ENRICO Berlinguer, secretary of the Italian Communist Party (PCI), answering questions at an electoral rally in the town of Avezzano said last night that the party had never excluded the possibility of forming a Government without the participation of the Christian Democrat Party.

But, he added, his party considered it preferable and less risky—remembering the experience of other countries like Chile—to form a Government with a wider and more democratic base. He said: "We will put forward this proposal even if the Left-wing parties (Socialist and Communist) obtained a majority. Even if we are obliged to form a Left-wing Government, however, we shall not close the door for the eventual entry of other parties into the Government."

Sig. Berlinguer heads the Communist Party's list for the Abruzzi electoral college, a mountainous agricultural and tourist area east of Rome which is a Christian Democrat stronghold. Avezzano is a small provincial capital.

In a three-hour question-and-answer session Sig. Berlinguer appealed for the election campaign to take place on a reasoned and calm basis and insisted on his party's independence from the Soviet Union. Its commitment to remain in Nato and its intention to play an active part within the European Community, where the party, unlike the French Communists, is in favour of direct elections to the European Parliament.

However, he said his party criticised the way in which the process of integration within the EEC had taken place up to now. So far the running has been made by what he called the big monopolies and the mult[...] national companies. The Italia[...] Communists would work f[...] greater democracy and a Euro[...] of workers and the people," [...] said.

The party's views on t[...] future of Europe are believ[...] to be closely matched by tho[...] of Sig. Altiero Spinelli, EE[...] Commissioner for Industry a[...] an independent candidate on t[...] Italian Communist list this ele[...] tion. He said he would resig[...] from his EEC post if elected.

Reuter writes from Napl[...]: The Communist Mayor here h[...] withdrawn his resignation a[...] will stay in office at least u[...] after next month's general el[...] tion, it was announced to-day.

Mayor Maurizio Vale[...] resigned two weeks ago aft[...] the City Council passed a vote [...] no confidence in his Communi[...] Socialist administration.

Communists 'agree to disagree'

BY LESLIE COLITT

EAST BERLIN, May 19.

A LEADING Soviet Communist said here to-day that the long-delayed conference of European Communist parties in East Berlin is now "forthcoming." Mr. Mikhail A. Suslov, the Soviet Politburo Secretary in charge of ideological affairs and international Communism, made his remarks in a speech to the East German Communist Party Congress.

One of the main obstacles holding up the summit meeting of European Communists from East and West has been the Soviet Union's insistence that the principle of "international proletarianism" must continue to guide relations among Communists. This has been resisted by independent-minded Communists such as the Yugoslavs, Romanians, Italians, Spanish and French. They have come to regard the phrase with growing distaste, as to them it implies a Soviet right to interfere when a party deviates too widely from the course set by Moscow.

In his speech to the congress, Mr. Suslov warned that a "deviation from the principle of proletarian internationalism contains the danger of losses and defeats."

East European sources say this is to be expected from Mr. Suslov, regarded as a "defender of the faith." They point out, though, that the Soviet Union could never get independent Communists to agree to a conference demanding the inclusion of "proletarian internationalism" in the final conference document now being prepared.

Those sources now say that the Soviets and the dissident Communists have "agreed to disagree" on the highly emotive subject.

A further remark by Mr. Suslov lends credence to this view. He said the Soviet Communists would do everything in their power so that the summit conference could "contribute to the further consolidation of Communists on the basic principle of creative Marxism-Leninism and proletarian internationalism."

The crucial word appears to be "contribute," as it would allow both sides, the Soviets and independents, to decide whether it actually furthered these aims.

In his other remarks, Mr. Suslov attacked what he called "American hawks." He did not name them, but said they, together with the West German "revanchists and the Maoists," have gathered together against the Soviet Union. These Westerners and the Chinese, he said, were playing a dangerous game which threatened to provoke international tension.

One Soviet journalist here said he would not exclude members of the U.S. administration such as Vice-President Nelson Rockefeller from this hawkish category. Mr. Rockefeller last week warned about "the Soviet drive to establish an empire on which the sun never sets" at a speech in Frankfurt. He was supported in this view by West Germany's Foreign Minister Hans-Dietrich Genscher.

Deadlock looming in Irish pay talks

BY GILES MERRITT

DUBLIN, May 19.

THE IRISH Government was to-night waiting to hear whether its 11th-hour bid to rescue the deadlocked national pay talks has any chance of success. Trade union leaders met to-day to discuss a Government-sponsored initiative aimed at keeping the talks going despite the wide differences separating employers and unions, but the signs are that the unions will opt to break off all negotiations.

The terms of the 48-hour ultimatum issued on Monday night by the 90-union strong Irish Congress of Trade Unions, that both private employers and the State should drop their demand that an "inability to pay" clause be written into Ireland's 13 per cent. pay deal, do not appear to have been satisfactorily met. The deadline expires to-night.

Unless further moves can be made to resuscitate the negotiations, which have now been limping along since March 8, Ireland will revert to the pre-1970 free-for-all system of wage bargaining, with the serious risk that this summer the Republic's ailing economy will deteriorate still further under the pressure of strikes resulting from individual unions' pay demands.

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Average earnings rise by 1.7% between February and March

BY ANTHONY HARRIS

AVERAGE EARNINGS are estimated to have risen by 1.7 per cent between February and March, according to figures published to-day by the Department of Employment. This compares with an average monthly increase of ... per cent. in the five previous months.

This appears to be mainly the result of a bunching of wage settlements during February, which raised the index of basic rates by over 2 per cent. between the beginning of February and the beginning of March.

But the Department also reports some further increase in overtime working and a reduction in short time working, which together added about 1m. hours to the time worked during the month. This is not thought to have had more than a marginal effect on the earnings index.

The March increase took earnings to a level 19.3 per cent. above that for the same month in 1975. At first this may appear to cast doubt on the official estimates that the £6 wage policy, which has not so far been breached, would produce a year-on-year earnings growth of 13 per cent. in a full year.

However, just as the March figures reflect the big jump in wage rates to end-February, those for April and May will be influenced by the very moderate increase in basic rates in those months—by 0.7 per cent. last month and by only 0.6 per cent. in April, according to the new figures.

The year-on-year increase in basic rates has remained unchanged at 22.9 per cent., but this is expected to fall rapidly from now on, since the big increases in wage rates in 1975 were bunched in May and June.

It is hoped that the annual growth will fall to about 18 per cent. by the end of the policy year (the figure is bigger than the estimate for earnings since £6 is a bigger percentage of basic entitlement than of total earnings).

The figures suggest that the squeeze on real gross wages caused by the £6 policy almost certainly came to an end in April, when retail price rises fell to 18.9 per cent. Basic wage rates show a substantially bigger increase, and those for earnings seem likely to remain above 19 per cent. for April.

One doubt remains about the trend: the April wage rate figures do not allow for the railwaymen's settlement which had not been agreed, but will be backdacted. Its inclusion is likely to produce a revised estimate of the increase in basic wages of marginally over 23 per cent.—not a big enough change to alter the assessment of the trend.

WAGE RATES AND EARNINGS

	Basic weekly earnings Index (July 1972=100)	% increase 12 months	Average earnings Index, seas. adj. (Jan. 1970=100)	% increase 12 months
Oct.	186.3	25	239.5	24.9
Nov.	194.4	27	243.5	21.3
Dec.	197.0	25.4	248.6	19.3
Jan.	200.9	26.4	248.8	20.7
Feb.	205.1	27.3	249.7	19.0
March	206.5	22.9	253.9*	19.3
April	207.8	22.9	—	—

* provisional

Datastream dispute ends in settlement

By Keith Lewis

MR. R. K. WESTMACOTT, chairman of Hoare Govett, the stockbrokers, is to resume chairmanship of Datastream, the computerised statistical group, as part of a settlement to end the row between management and employees which culminated in the resignation of Mr. David Hunter Johnston last Monday.

The dispute, which focused on a clash between Mr. Hunter Johnston and Mr. J. G. Blease, a former chief executive, who left last week, is over and the resignations of over 100 other employees have been withdrawn.

Post left open

A statement yesterday said negotiations were taking place between Mr. Blease and the Board "concerning a role with Datastream in connection with its European activities." The question of a chief executive remains open.

Mr. Westmacott is expected to remain as chairman until the proposed sale of Datastream is completed. The preparation of the prospectus has been delayed by the dispute, and is now expected to proceed.

BSC under fire from users

BY ADRIAN HAMILTON

BRITISH STEEL is unlikely to regain the U.K. market share which it has lost to foreign competitors in recent years, GKN, its largest single customer, told a Select Committee inquiry yesterday.

At a Committee session, in which both GKN and Metal Box strongly criticised BSC's supply and quality performance, Mr. Basil Woods, a main Board director of GKN, suggested that neither his company nor many others were likely to return to the 85-90 per cent. level of take from the Corporation that they had experienced as recently as 1973.

Should BSC's modernisation programme succeed in overcoming its delivery problems, he was optimistic that it might regain some of its lost sales.

But foreign steel companies would be difficult to dislodge, now that they had entered the market. For security of supply reasons, as well as reasons of past experience, domestic customers would be unwilling to become too dependent again on the Corporation.

Price discounts

GKN's comments have particular importance in that the company is renegotiating its long-term supply contract with BSC, originally agreed soon after nationalisation. It concerns the supply of some 2m. tonnes of steel a year and runs out next month.

While GKN seems anxious to renew the contract, a central problem seems to be the degree to which the company has now gone abroad for a substantial proportion of its supplies under relatively long-term commitments.

There is also a question of whether the Corporation is prepared to offer the kind of price discounts included in the existing eight-year deal.

On the import question, GKN said the issue was only partly one of price. Under normal circumstances the company would prefer domestic supplies because of their geographical proximity. Mr. Woods said it would take a price advantage of around £3 to £5 per tonne to justify importation.

But he and other GKN Board members criticised BSC's lack of flexibility in their marketing and price response to changed circumstances and pointed in particular to supply problems of the strip mills division of the Corporation.

Sir Douglas Bruce-Gardener, a deputy chairman of the company, also responded forcefully to BSC suggestions in earlier Committee sessions that the private sector was to blame for the potential shortages of scrap in the country.

The real reason, he suggested, was BSC's policy of plant investment. Theoretically the move to basic oxygen steel plants should release scrap onto the market.

By reducing the percentage of scrap used in these plants from 25-30 per cent.—the level which BSC seemed to be seeking—to nearer 15 per cent., enough scrap would be released to supply the British industry.

He also suggested that the reason for present scrap difficulties was the shortage of iron-making in the Corporation and the Corporation's purchasing policies.

By increasing the price paid for scrap, he asserted one did not produce more supplies.

Metal Box, in answering questions before the Committee yesterday, said it was still buying as much of its supplies as possible from British Steel. It is the Corporation's second largest customer.

But Mr. A. W. Page, the company's chairman, criticised the quality of tinplate produced by BSC, stating that it caused considerably difficulty and additional expense to his production of cans.

He also strongly declaimed the lack of consultation between BSC's top management and its customers on long-term problems.

"Our relationships commercially are not good," he said emphatically. The Corporation's top management rarely visited him, in contrast to the aluminium suppliers, who sought regular consultations.

Mr. Page further revealed that his company was attempting to negotiate a deal, under which BSC would supply an additional three weeks' supplies to Metal Box's plants to ensure against the supply disruptions experienced recently as a result of strikes in the corporation's tinplate units.

The Government had recently declined to support the scheme directly, but had urged commercial negotiations to be conducted with the Corporation.

Tinplate

Metal Box was under constant pressure to buy from abroad and its foreign plants had now moved away from BSC to foreign suppliers.

Mr. Page renewed his company's plea that the Corporation be given permission for its much-delayed investment in Port Talbot: otherwise his company would be forced to go abroad for additional tinplate supplies.

Neither Metal Box nor GKN would comment directly on BSC's new organisational structure, although both implied that organisational problems did have a bearing on the Corporation's poor performance.

The criticisms from two of BSC's largest customers reflect the gulf developing between BSC and its consumers, particularly on the issue of imports.

Yesterday's session was part of a series of hearings being held by the Select Committee on Nationalised Industries. The next session will be on June 16, when the British Independent Steel Producers' Association (BISPA) will give evidence and respond to some of the assaults launched on the private sector by Sir Monty Finniston, when he gave evidence last month.

Unit trust sales fall by £2.9m. in April

BY CHRISTOPHER HILL

UNIT TRUST sales in April fell by £2.9m. compared with March, to £34.3m. But repurchases also dropped by almost £6m., leaving net new investment at £21.2m., against £18.1m.

Repurchases were, therefore, at their lowest for the year while sales were about average for 1976 so far. The latest figures are comparable with April last year, the net sales being almost the same.

Managers say that income funds are still doing well, though there are signs now that other growth-oriented funds are also picking up. M and G, for example, says its commodity-oriented fund brought in £1m. over the past month.

The value of funds in the unit trust industry is also up this month, from £2.66bn. to £2.74bn., though the number of unitholders' accounts has fallen once again from 2.18m. to 2.17m.

One manager found it surprising that the number of unitholdings fell month after month (not borne out by his own experience).

By contrast the number of unit-linked policies involving unit trusts continues to grow—1.31m. in the first quarter of 1976 against 1.28m. at the beginning of the year—and the net investment has also expanded.

The net investment of policies linked with unit trusts was £26.6m., compared with £69.6m. for the whole of 1975, while the aggregate market value of policies at the end of March was £560m., against £509m. at the beginning of the year.

The life assurance investment figure therefore makes an interesting comparison with the net unit investment figures for the first four months of 1976, which amounted to £74.1m. against £75.9m. in 1975.

Disregarding the month's discrepancy, unit-linked sales seem to amount to over one third of total unit trust sales. Of course, this includes single premiums as well as monthly subscriptions.

As for the overall figures for linked life assurance, regular premium policies doubled from £13.3m. to £27m. in the first quarter, and total new single premiums were up from £18.2m. to £47.5m. The number of new policies in force rose from 2.23m. to 2.38m.

Building societies 'helped' counteract council cuts'

BY QUENTIN GUIRDHAM

BUILDING SOCIETIES could not be expected to correct overnight desperate housing problems in major conurbations, Mr. Raymond Potter, chairman of the Building Societies Association, said yesterday. It was wrong, he told the association's annual meeting, to think they could fill the gap into which local authorities and governmental bodies should have stepped years ago.

But he thought the societies had been more successful in compensating for the cut in local authority mortgage lending than was realised.

The amount of money available to local authorities for the coming fiscal year should be enough to fulfil the priorities laid down by Central Government as to where those funds should be lent."

With hindsight it could be argued that building societies should have reduced their rates earlier in the year. But people underestimated the capacity which the societies needed as main providers of mortgage finance.

The intention to lend about £6bn. this year remained. "We are also pressed to take over some of the lending previously done by local authorities. We are asked to help housing associations.

"Moreover the sale of council houses to their tenants is another field in which we would expect to be involved. At the same time we are asked to help to ensure that house prices do not rise to an unnecessary level."

CEGB objects to £60m. mine

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CENTRAL Electricity Generating Board is objecting to National Coal Board proposals to invest £60m. in a new mine near Stafford, West Midlands.

The problem rests with the chlorine content of the coal which, although within the spread of values normally encountered in the U.K. is nonetheless relatively high.

The project is the largest except for Selby put forward so far under the Government's Plan for Coal, in the quest for 40m. tons of new annual coal capacity by 1985.

The Park project, about two miles from Stafford, would be expected to produce 2m. tons of coal a year and would, says the NCB, be significant locally in terms of continuity of employment.

High chlorine—towards the upper end of the range 0.1 to 0.8 per cent. chlorine encountered in Britain—can cause problems for combustion in electricity generation by precipitating a form of liquid slag in the furnace. The higher the chlorine, the greater the risk that the plant will abruptly gum up with slag.

The NCB recently has opened negotiations with the CEGB to find a market for the new coal, expected to contain about 0.6 per cent. chlorine. The generating board has a number of large, coal-fired stations within reach, including Ironbridge and Fiddler's Ferry. Output from the new pit would provide about 1,000 MW of electricity for a modern coal-fired plant.

IN BRIEF

Pay deal disappointment

Lord Harcourt, chairman of Legal and General, is disappointed the Government has not removed restrictions on improvements to occupational pension schemes in the new pay deal, he told the annual general meeting yesterday.

...ell under way

Steps towards self-regulation of the insurance broking industry are well under way, Mr. Francis Perkins, President of the Corporation of Insurance Brokers, said.

Brokers differ

Stockbrokers Simon and Coates forecast a move into current account surplus in the second half of this year. Philips and Drew expect a sharp deterioration in the immediate future. Capel-Cure Myers expect a poor second half and a further sharp deterioration in 1977.

COMMITTEE OF INQUIRY FINDS TOO MUCH CONFUSION ON TOWN HALL SPENDING DECISIONS

Local income tax will give councils more independence, says report

BY ARTHUR SMITH

LOCAL INCOME-TAX as the way to give municipal councils more independence is put forward by the Committee of Inquiry into local government finance, in a report published yesterday. A clear lack of accountability exists for the £13bn. a year now being spent by local authorities, the report says.

The committee was set up nearly two years ago in response to public outcry at the rapid rise in rate demands throughout England and Wales.

The verdict delivered by Mr. Frank Layfield, the chairman, is that there is too much confusion between local councils and central government about who is responsible for decisions to spend money.

The Government must either decide how much is to be spent, and raise most of the money itself, or local authorities must carry the responsibility.

A continuing role is seen for rates but they should be based on the capital rather than the rental value of homes.

In an important "note of reservation," one committee member, Professor Alan Day, argues the case for "a middle way."

He suggests central government could pay for many important local services to a minimum standard and allow local councils to raise and spend money beyond that level.

The findings of the 494-page report in summary form are:

First, there was a huge volume of general complaint about increases in rate demands, the unfairness of the rating system and concern about local authority spending.

Second, the events of 1974 brought to a head many of the reservations and dissatisfactions with the operation of local government finance felt by both the government and local authorities.

Local authorities are at present estimated to be spending £13bn. a year and they employ nearly 3m. people. Because of their high labour content, local authority costs in recent years have been rising faster than prices generally.

The crisis about rates that occurred in 1974 was brought to a head by the combination of a number of factors which would have put a severe strain on any financial system.

These factors include the unprecedented and unexpected level of inflation, the disruption caused by local government re-organisation, changes in grant distribution—especially the series of government decisions and counter-decisions on domestic relief—and the reorganisation of water and sewerage services.

Nevertheless, the report concludes, "what the crisis exposed, however, was not simply the weak points in an otherwise sound system, but a collection of financial arrangements whose objectives were not clear and which had never been properly related to each other."

The main weakness which the report identifies is a confusion between the government and local authorities over responsibility for local spending.

Control

There has been a continuing increase in central control. The reorganisation of local Government was intended to reverse this trend but has not succeeded in doing so.

The cause of this trend is attributed to the growing national concern to improve the range and quality of the services provided by local authorities. The resultant growth in local spending was financed largely by increased Government grants.

The report considers that this drift towards central control, combined with confusion over responsibility for expenditure and taxation, will continue unless a decision is taken to place the main responsibility firmly either with the Government or with local authorities.

More local responsibility would require the introduction of local income tax involving an overall cost of perhaps £100m. a year, but additional administrative costs might also be involved if the Government assumed responsibility for local spending.

New controls might have to be devised. These might include a regulator which would require local authorities to surrender part of their tax revenue in excess of a prescribed norm or a requirement for a proportion of capital expenditure to be met out of revenue.

Under a system of central responsibility the Government would be able to ensure that the level of local spending it set was not exceeded. But the Government would become subject to all prevailing pressures for increased expenditure.

Local authorities would be likely to pay more attention to obtaining more grant than making difficult decisions about priorities. It might therefore be difficult to keep local spending to a level the economy could afford.

Forum

There was a need for a new institution to improve the flow of information between the government and local authorities, to ensure that they understood each other's point of view and to monitor the relationship between them.

The Report recommends the establishment of a joint forum, with an independent secretariat and chaired by a Treasury Minister.

The Consultative Council, which was set up while the Committee was sitting, might be developed to fill the role identified in the Report. Its structure, functions and method of operation should be reviewed accordingly.

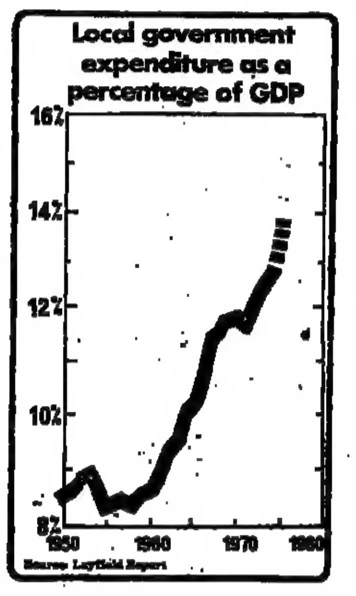
Sources of revenue borrowing

The outstanding capital debt of local authorities amounts to over £20bn. and the annual cost of servicing it amounted to £2.4bn. in 1973/74; about half of local authorities' capital expenditure is on housing.

Capital expenditure should continue to be financed by borrowing, although new methods of control would be needed if local authorities had more responsibility for their expenditure.

The report rejects a number of suggestions: first, that the outstanding loan debt of local authorities should be written off, which it says would bring an arbitrary distribution of benefits which would be regarded as inequitable;

Second, an increase in capital grants, which would add to the problems of achieving the best use of resources; third, that local authorities should be able



to borrow at reduced rates of interest, which would comprise a hidden subsidy;

Fourth, that the Government should guarantee local authorities' borrowing, which would not be consistent with their responsibility for their capital expenditure.

It finds that there is no cause for concern about the creditworthiness of local authorities, and emphasises that every local authority has a responsibility to secure its own financial position and ensure its continuing creditworthiness.

Fees and Charges

In 1973-74, local authorities raised about £1.4bn. in fees and charges, equivalent to about 15 per cent. of their present expenditure. Housing rents accounted for about half this total.

Charges levied for rate fund services amounted to about 7 per cent. of expenditure, compared with about 10 per cent. in 1969-70.

Charging people to a much greater extent for the individual benefits they enjoy could only be contemplated as part of a national policy towards public services generally and accompanied by a substantial redistribution of income.

Rates

If rating were to be abolished, the yield of other taxes would have to be increased by £4bn. and well-established machinery would have to be abandoned, involving great uncertainty and administrative upheaval.

The rating of domestic property yielded about £1.8bn. in 1975/76. The Report finds many of the criticisms of domestic rating to be unfounded. For about 4½m. households, the burden of rates is eased by rate rebates and supplementary benefits which relate rate payments to income and family circumstances.

The report concludes that there is insufficient rental evidence to support another revaluation, and that rating can only be successfully maintained if there is a change to capital value as the basis for assessing dwellings.

But the present pattern of housing subsidies, controls and allowances makes it impossible for any uniform method of assessment to give a fair and predictable relationship to what many people pay for their housing.

The review of housing finance now in progress will need to relate the incidence of domestic rating to housing policy, which has never been done in the past, to achieve a coherent and equitable strategy.

The rating of industry and commerce yielded about £2bn. in 1975/76, which was partly offset by allowances against corporation tax and income tax.

There was a particularly large volume of complaint about the effect of rating on small businesses and the report makes proposals for giving some early relief to small businesses occupying combined residential and commercial premises through a fairer basis for the application of domestic relief.

The relationship between domestic and non-domestic rating should continue to be determined by the government taking account of the impact of rates on both sectors.

With the introduction of capital values for domestic property, the government would need to apply a divisor to them so as to create a common relationship with non-domestic properties which would continue to be assessed on their annual rental value.

It would be unnecessary to continue a separate system of domestic rate relief. The divisor should not be changed between revaluations.

The partial derating of industry in Scotland would need to be considered afresh in the light of these changes and of any change in the relative assessments of industrial and other property arising out of the revaluation scheduled for 1978.

Many criticisms made to the Committee relate to the present exemptions from rates. The Report sees no grounds of principle for continuing to de-rate agricultural land and buildings.

The Report recommends that payment by monthly instalments should be the normal method of payment for all ratepayers in England and Wales, as in Scotland. It is critical of the failure to maintain regular revaluations in England and Wales and emphasises the need for frequent and regular revaluations in future, preferably every three years.

It recommends modifications in the appeals procedure to assist in their prompt and effective handling.

Precepts

The report recommends that precepting should be ended in England and Wales and that each authority should be responsible for its own rate demand, even though the demands would continue to be paid jointly, as is the practice in Scotland.

It also draws attention to the difficulties that have arisen in England and Wales as a result of the arrangements for charging for water since reorganisation, and recommends that as soon as possible water authorities should start collecting their charges themselves rather than through local authority rate demands.

The report considers a number of possible new sources of revenue for local authorities. In the first instance, each source is judged against two main criteria: potential yield, and ability to promote accountability.

On the basis of these criteria, it rejects suggestions for assigned revenues from national taxation, local indirect taxes on expenditure, local taxes on commerce and industry and the combination of a number of revenue sources.

There are a number of low yielding revenue sources, such as lotteries and tourist taxes, which might be used for specific purposes, but these sources would not make a contribution to local government revenue sufficient to help solve the main problems.

A local income tax (LIT) on personal incomes, levied according to where people live, is the only new source of local revenue which could meet the initial criteria.

In its consideration of LIT, the committee had the co-operation of the Inland Revenue, who agreed that it would be feasible. LIT would be capable of producing a yield sufficient to have a large effect on local finances.

It would be paid only by local residents and so achieve accountability. Payments of LIT would be less perceptible to the taxpayer than rates, although changes in the rate of tax might be more noticeable.

Although the yield of LIT would also be less easy to predict, procedures could be established which would provide a satisfactory basis for local authority budgeting.

Demand

Adjustment could be made through the grant system for disparities in incomes between areas. On the other hand, sharing income tax with local government would complicate the government's use of income tax as a major tool of demand management.

LIT would be levied according to place of residence and the tax rate would be set by the local authority. It would be feasible and acceptable only if collected by the Inland Revenue and integrated within the national system for personal taxation, treating the same items as taxable and using the same bands of taxable income.

Employers would collect local tax on PAYE income together with national tax, either as an additional number of pence in the pound or as a percentage addition to the national tax.

The Inland Revenue would need 12,000-13,000 extra staff to operate LIT and the cost to them would be about £50m. a year. The cost to employers could be up to as much again.

These costs would, however, be partly offset by savings resulting from simplifications in the national tax system. LIT would take at least five years to introduce.

Grants are a means of giving local authorities part of the proceeds of national taxation. Under any financial system grants will be needed to compensate for major differences between local authority areas in the cost of providing services and in their ability to raise revenue.

The part of local authorities' spending financed by grants (national taxation) has grown from 51 per cent. in 1963-64 to an expected 66.4 per cent. in 1976-1977. This year grants are expected to amount to £77bn. (at 1975 prices).

Stability from year to year in the distribution of grant would help to ensure that changes in local tax rates closely reflected local spending policies. It is important that accountability should be secured by paying each authority a share of grant based on its own needs and resources.

Block grant

Block grant takes account of authorities' different needs and resources. That form of grant should be the principal means for assisting local authorities from national taxation.

The present method of assessing spending needs on the basis of analysing past expenditure patterns is the best so far available.

But the study of other possible methods, based on examination of costs of provision of particular services, should be instituted urgently.

How far the grant goes in redistributing resources among authorities is a matter for political decision, but any system adopted should be capable of achieving full equalisation if that is desired.

The report considers that domestic rateable value is not a good method of measuring the domestic taxable resources of an area, and concludes that a better measure would be one based on personal incomes, whatever local tax is adopted.

Central responsibility would mean that grants would remain on average a high proportion of expenditure. It would be appropriate to pay grant only on the expenditure required to finance a particular volume of service, subject to a margin for error in assessing the cost.

Local responsibility requires that the overall level of grants should be considerably lower than now.

Grants should be paid on expenditure both up to and above a specified level to enable authorities with high and low taxable resources alike to vary their levels of service without imposing widely differing tax burdens.

But a limit would be needed on the extent to which authorities could attract extra grant by increasing their expenditure.

There may also be a need for some specific grants to support expenditure of a kind incurred by only a few authorities or the incidence of which is exceptionally uneven.

In addition, the report recommends that block grants be supplemented as required by temporary additional grants to finance expenditure resulting from special local needs or new policies, powers or duties imposed after the time the spending needs were assessed.

Any temporary grant should be absorbed into the block grant as soon as possible. The present police grant should be absorbed now, and the transport supplementary grant as soon as it becomes practicable.

Potential choices

The report concludes that charges for services, grants, rating and local income tax are the only four potential sources of substantial revenue for local authorities.

Charges for services should be developed but are not likely to affect materially the broad scale of contribution needed from other sources.

The report compares the characteristics of these four sources of revenue and examines their effects on the distribution of income.

It finds that there is a strong case for continuing both domestic and non-domestic rating of properties as a source of local revenue; the unevenness of its incidence has limited the feasible yield of rating in the past and is likely to continue to do so.

LIT is a feasible source of revenue but there are limits to the overall level of income tax. So the replacement of part of the yield of rating by LIT would require a reduction in the rate of national income tax, which would need to be offset by increases in other taxes.

Similarly increasing grants to replace part of the yield of rating would have to be paid for by increases in other taxes.

Reducing the burden of rating would therefore have effects on the distribution of income which are very difficult to predict and would depend on the taxation policy being pursued by the Government.

Low income

The position of householders with low incomes would need special consideration since they are at present protected by the rate rebate scheme and supplementary benefits and could be worse off as the result of a change if no other action is taken, especially with a change from rating to other indirect taxes.

Some of the changes recommended in the report could bring about an early improvement in the present arrangements.

Those to which high priority should be given are: developing a new forum for central and local government, reorganisation of the audit service, the review of fees and charges, the introduction of instalments as the normal method of paying rate bills, the provision of early relief for the residential parts of business premises, the making of earlier grant settlements and clarifying the responsibility of the two tiers of local government for their respective rate burdens.

Other changes, especially in the rating system and the distribution of grants, could be implemented only over a fairly lengthy period.

The report lays great emphasis on the importance of transitional arrangements, both to prepare for the changes which are to take place and to smooth their impact once they begin to be introduced.

Transitional measures should be regarded as an important part of the final decisions on the changes to be made.

More explicit central control could be introduced fairly quickly. The main new requirements would be to assess the expenditure plans of each authority and to provide that grant would be based on a prescribed figure.

Some redeployment and perhaps some increase in staff would be needed.

Purposes

A move to more local responsibility would depend on the introduction of a local income tax which could not be achieved in less than five years. The need for transitional arrangements would be particularly important.

Meanwhile it would be necessary to improve local accountability. Changes in grant distribution or the rating system that would obscure the relationship between spending and rate burdens should be avoided.

The Report poses a choice:

Either the Government must decide how much local authorities should spend and for what purposes and accept the main responsibility for raising the money or else it must leave the main responsibility to local authorities.

Under either system, the Government would be able to influence local government expenditure for the purpose of economic management.

There is a good case in principle for rating as a tax on property and it is particularly suitable as a local tax.

The report examines the effects of rating compared with other taxes and finds that the abolition of rating would not be justified in terms of improving the fairness of the tax system.

Although rating can continue to provide a substantial amount of revenue, however, it could not finance a much bigger share of local government expenditure than it does at present.

It would also be feasible to introduce a local income tax (LIT) if it were accompanied by some changes in the national income tax system.

The report therefore identifies two main possibilities: to continue with the present system of rating and grants or to introduce LIT as an additional source of revenue.

In either case the burden of rates could be reduced. That could be achieved in the first case by increasing grants and in the second by substituting LIT for part of the yield of rating.

The resulting change in the incidence of taxation would depend in the first case on how the government chose to raise the revenue to finance increased grants and in the second on the adjustments in the national tax system which would be required to accommodate LIT.

The effects of any change would therefore depend on the government's taxation policy, so there would be little to choose between the alternatives suggested in the report in terms of the overall pattern of taxation which resulted.

Uncertain

It is therefore uncertain whether the cost of introducing LIT as an additional local tax could be justified solely on grounds of fairness between taxpayers.

Whether LIT should be introduced depends on how much of the taxation needed to finance local government services should be levied by the government and how much by local authorities. That decision turns on their respective responsibilities for expenditure.

Rating would provide enough local revenue for a system in which the government assumed the main responsibility for local government expenditure.

The balance between rates and grants would then be decided by the government on the basis of its judgment of what level of property tax would be desirable in the context of the taxation system as a whole.

But rating could not by itself finance a big enough share of expenditure to support a system in which the main responsibility was placed with local authorities.

If the main responsibility for expenditure on local services were to be placed with local authorities, they would need to be able to raise a much bigger proportion of their own revenue from local taxation than at present.

A local income tax would therefore have to be introduced to supplement the revenue raised by the rating system. Providing local authorities with a bigger tax base would not be enough by itself to increase local responsibility.

The cost of introducing LIT would be justified only if it were accompanied by the political will to give greater power of decision to local authorities.

Responsible

Throughout, the report stresses the need for accountability. Whoever is responsible for spending money should also be responsible for raising it so that the amount of expenditure is subject to democratic control.

The report rejects some of the suggestions most frequently put forward in evidence to the Committee, for example, that a prescribed share of national taxation should be assigned to local authorities or that the government should meet the full cost of certain items of local expenditure such as teachers' salaries.

Such changes would not bring about clear responsibility or effective control.

It concludes that the government cannot provide local authorities with a preponderant share of their income, whether in the form of assigned revenue or grants, without sooner or later taking responsibility for their expenditure.

The choice between the alternative approaches is for the government to make.

The report concludes:

"There is a strongly held view among us that the only way to sustain a vital local democracy is to enlarge the share of local taxation in total local revenue and thereby make councillors more directly accountable to local electorates for their expenditure and taxation decision.

"On balance we consider that the administrative cost involved in introducing a local income tax for this purpose would be justified.

"After many decades of uncertainty in the realm of local government finance the time has come for a choice on the issue of responsibility."

Reservation

In a lengthy note of reservation, Professor Alan Day says:

"The essential difference of emphasis between my own analysis and that of the report concerns central-local relationships.

"The report is structured around a polarisation between two possible sets of financial structure, one relatively centralist and one relatively localist. The need is seen for a clear act of choice between these two.

"In my judgment, neither the evidence nor the logic of the arguments is such as to justify this dichotomisation.

"It appears to me that what was a useful working hypothesis at a certain stage of the Committee's deliberations has unjustifiably been frozen into something of a dogma.

Trevor Humphries

Chairman Mr. Frank Layfield at yesterday's presentation of the report.

"In my judgment, there is a continuum of choice about policies, in which various versions of a middle way between the two poles deserve serious consideration.

"Since it could well be the case that the Government will be reluctant to make a choice between the two poles, and since any attempt to achieve a middle way without a clear and explicit analysis of the difficulties involved is likely to lead to a continuation of the existing confusion about responsibilities, it appears to me important to attempt to identify how a satisfactory middle way might be achieved.

Compromise is likely

"The British political system is not one which readily accepts polar solutions. In the event, some compromise is likely. The danger is that the compromise will continue to be one in which there is confusion about responsibilities.

"For this reason, it is a pity that the Committee has found such difficulty in making useful recommendations about a middle way."

Professor Day suggests that the rising proportion of government grants has primarily been the consequence rather than the cause of a growing desire by government to achieve rapid rises in the standards of local government services.

"The tendency towards a rapid growth in local government expenditure has been reinforced by inadequate forecasting and controls over aggregate spending, largely arising from confusions about responsibilities."

"The report rejects solutions based upon either vertical division of financial responsibilities (in which central government would take the primary financial responsibility for some services, for example police and education, and local government take primary financial responsibility for the rest), or horizontal division of financial responsibilities (in which central government would take the primary financial responsibility for defined minimum standards to certain services and local government would take the primary responsibility for any provision in its area above those minimum standards).

"There are good reasons of principle why such approaches should be most sympathetically considered and why it may be sensible to aim consciously to achieve some such half-way house.

"A substantial part of the services provided by local authorities has effects on people in the rest of the nation, living outside the area of the particular authority."

Professor Day maintains that the solution to the problem of combining a substantial degree of local autonomy with central control of overall spending "lies through the middle way, which is rejected in the report."

The Government would determine minimum standards for each service in which there is a national interest and would take responsibility for their financing.

Beyond that, it would allow local authorities to raise and spend money "to an extent determined by its view on macro-economic conditions and for whatever purposes local democracy might determine, within the statutory powers of local authorities."

"A consequence of definition of responsibilities under a 'middle way' solution might well be that local authorities would come to enjoy increasing discretion over some services at the expense of reducing it over others.

Local Government Finance; Report of the Committee of Inquiry; S.O. £5.75.


"The part played by specialist international companies like Tate & Lyle in the planned expansion of Sierra Leone's rubber plantations is proving invaluable."
A team of agronomists, economists and marketing experts from Tate & Lyle Engineering is currently conducting a study of the rubber industry in Sierra Leone.
Carried out in association with the Economist Intelligence Unit and commissioned by the Ministry of Overseas Development, the study will investigate the potential for increasing production of rubber from the five existing Government estates and associated smallholdings.
It is expected that Tate & Lyle's findings will help to attract the capital investment required and so broaden the base of the country's economy.
SIAKA STEVENS
President of Sierra Leone
TATE LYLE

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● FILTRATION

Cleansing problem effluents

BROUGHT to the commercial applications stage following a long period of collaborative work between Forschungsinstitut Berghof and Krupp, with support from the German Ministry for Research and Technology, a method of cleaning industrial effluents is now being offered worldwide.

Capable of removing from waste waters solids with molecular weights down to as low as 2,000, the method and equipment come under the designation of KBM (Krupp Berghof Membrane). It is suitable for many industries including general chemicals, dyestuffs, foods and textiles, as well as the separation of oils and water and the treatment of emulsions.

The same equipment can be used as a concentrator for liquids from paints to food products.

Basis of the equipment is a series of "ultrafiltration" tubes which are made up of a bundle of capillary tubes in a shell measuring 500 mm in a length by 50 or 150 mm outside diameter. These capillaries are 0.6 mm or 1.5 mm in diameter and act as semi-permeable membranes, as in the reverse osmosis process. Made of polymers such as those of the polyamide family, they are held in the shell by embedding the an epoxy resin.

The small unit has an effective treatment surface of between ½ and 1 square metre and the larger one between 5 and 10 square metres. Throughput capacity is up to 50 litres per square metre per hour.

In treating emulsions, purities of less than 10 ppm petroleum extractable material and of less than 1 ppm mineral oil are obtainable.

The fluid to be treated flows through the tubes at pressures between 1.5 and 2.5 bar. Matter to be separated is retained inside the tubes while the purified fluid seeps through the membrane walls into the shell space as a filtrate. In practice, the fluid to be treated would be circulated around the system several times.

No deposits are formed on the inner surfaces of the tubes and the filtrate comes off in a state pure enough to be released to the sewers or go back into the plant for re-use.

Advantages claimed for the Krupp development are simplicity and wide application possibilities, as well as the fact that the method does not change the substances to be recovered, in a chemical sense.

Given a membrane surface of 12 square metres, operating at 1.5 bar, throughput would be 400 litres per hour and power consumption would be as low as 4 kWh.

Fried Krupp, Altendorfer Strasse, Essen, German Federal Republic.

● COMPUTING

ICL answer to many questions

SINCE THE ICL 2903 transaction oriented computer system has been so successful it followed as night follows day that there would have to be a succession to it, either from the top or from the bottom in the, relatively near future.

The near future was the 2903/20—for which some 80 orders worth £4m. have been taken since this small computer was launched in February. The "relatively near future" is the 2904, announced by ICL yesterday, which is possibly the key machine between the large units in the 2900 series—imposed on ICL through Government support agencies—and the 2903 transaction-oriented machine dreamt up by ICL designers in 1973 and proved beyond peradventure and world-wide as the machine that users were waiting for ever since.

The new machine announced yesterday by ICL is the 2904. It stands to reason that with well over 1,000 machines of the 2903 type on delivery, on order, or installed, the question must be asked what was going to be the next machine to carry on from the 2903 from the top of the range.

Well, users, politicians and observers have the answer. The 2904 takes the equipment in the ICL New Range (at the low end), from £25,000 to £250,000. And where the big machines in the top end of the 2900 range stops—the small 2960—is roughly the same price level: that is £250,000.

As could be expected, the 2904 takes advantage of technology to give users more of the cake by expanding processor and storage power while restricting cost. But highly significant in the package is that ICL is now talking about taking over from what it calls "small 1900" machines.

For what it is worth, the 2904 has been marketed in Europe for about six weeks and has so far taken £1½m. worth of orders. This is a machine which goes up to £½m. in total cost.

Its main attraction for U.K. users is in what it takes from the opposition—most of whom do not manufacture in Britain.

Plessey pen gathers the data

ORDERS worth more than £625,000 have been received by Plessey Data Systems of Poole since the launch last year of its portable data capture unit. These have come from the U.K., Sweden, Switzerland and Australia and also cover transmission and conversion equipment associated with the units.

Companies in retail, distribution and manufacturing markets are attracted to this system because besides being low in cost it provides quick, accurate data entry, using light pen and bar-coded labels. It also enables users to monitor movement and storage of their products with consequent cost savings.

Sainsbury is buying equipment to provide a branch ordering facility for new freezer centres. Stock orders in each centre are made up by the staff, using the light pen to capture information represented in bar-code form on the shelves. This is recorded on a cassette and transmitted during the evening to the company computer centre where it is processed to establish each store's delivery requirement. This is transmitted in the form of picking lists to the relevant depots for overnight assembly. This follows the pattern already established in Sainsbury supermarkets where the trolley version of the light pen equipment is in use in every store.

Audiotronic Holdings has placed an initial order for System 1450 equipment worth £33,000 with Plessey Data Systems to provide the data capture basis of its stock management system servicing well over 30 Laskys Hi-Fi specialist shops located across the South of England and the Midlands. A network of fixed and mobile transmitters will be established to facilitate the movement of data to Audiotronic's north London headquarters. It is intended to establish the system internationally with transmission links to Audiotronic's continental hi-fi interests.

An initial order has come from Charles Clinkard, footwear retailers in North East England. Each line the company carries is given a code which identifies its product group, manufacturer, style number, colour and fitting. Every shoe box carries this information on a bar-coded label. The light pen will record all stock movements, including sales, penned from the labels after they have been detached at the point of sale. The information contained in this cassette is transmitted on a weekly basis, by telephone, to a receiver which collects, checks and converts it to magnetic tape to be processed by a central bureau. Each Monday a report is provided which includes sales, stock and stock turn per line.

Radius Computer Services of Hull, specialising in retail and distribution applications, is the first computer bureau to instal the Plessey 1450 System. The Radius order entry system, which uses the Plessey equipment extensively, is being used by Humbrol to control its supply of modelling products to over 80 countries. The bureau offers a System 1450 cassette conversion service for companies with in-house computers.

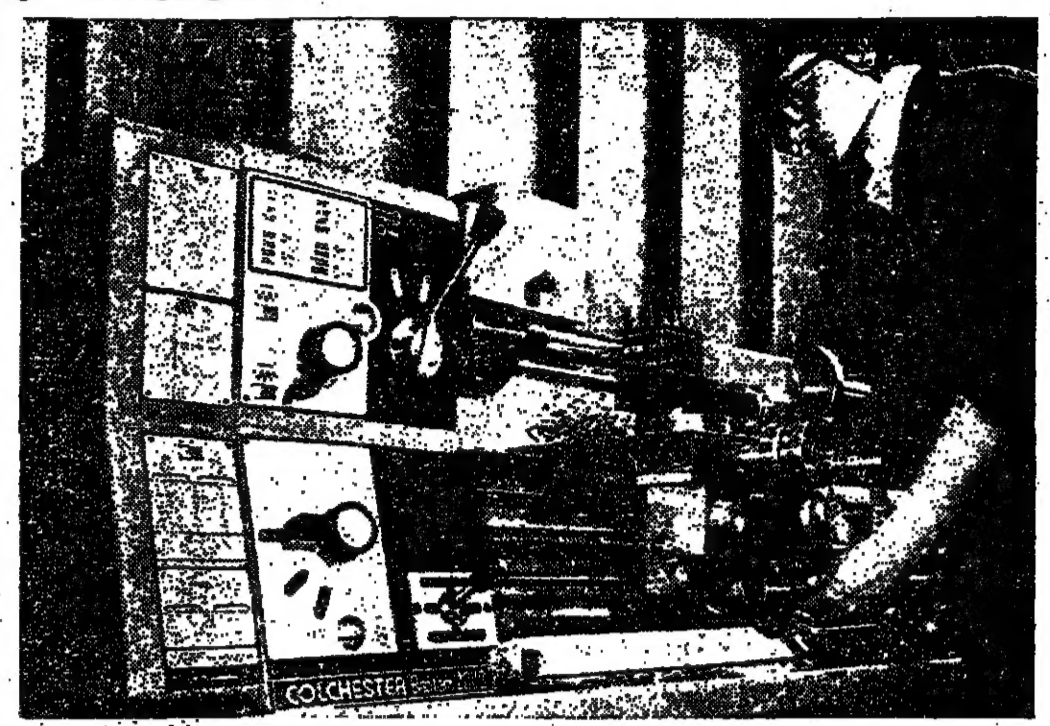
BP Tanker Company's pr[o]posed system to use the Mod[el] 1450 on each of its ships is [in] an advanced stage of develo[p]ment. Usage of spares on boa[rd] supplemented with labour ho[urs] and other relevant maintenan[ce] data will be recorded on casset[te] tape. These tapes will [be] regularly forwarded to a centr[al] computer where the data wi[ll] form the basis for an automat[ic] replenishment of ships' stock and a direct input to a comprehensive planned maintenan[ce] system.

A Model 1450 is current[ly] undergoing severe tests [in] extreme environmental cond[i]tions and an order has bee[n] received for the development [of] a special bar-coded descripti[ve] label printer.

In Switzerland an order h[as] been gained from Fricker whi[ch] runs a chain of 25 shoe shops. [In] Sweden the bureau Datema h[as] placed an order for System 14[50] equipment to enable it to pr[o]vide order entry and stock co[n]trol systems for its customers.

An order worth about £180,00[0] has been placed by one [of] Australia's largest retailers, G. [J.] Coles and Company Limited fo[r] a stock re-ordering system fo[r] their supermarkets situate[d] throughout Victoria.

● METALWORKING



Turning trials in progress on the first Bantam 2000 centre lathe at Colchester Lathe.

Colchester launches new lathe

LAUNCHED YESTERDAY was the Bantam 2000, latest machine tool from the Colchester Lathe Company, Hythe, Colchester, Essex (0206 5161).

This 6½ inch centre lathe has been designed to meet both educational and industrial requirements—from the training aspect a feature is the range of built-in safety devices, while industry is offered a more powerful machine, compared with its predecessor. Although the machine has a continuous rating of 4 h.p., it can absorb up to 6 hp for limited periods when rapid metal removal is required.

Roundness accuracy is guaranteed to be within 0.0001 inches, and the machine is available in gap bed or straight bed lengths of 30 inches, in both metric and imperial versions. Price is about £1,380.

To meet noise regulations, the gearbox has been designed so that even on maximum duty the machine generates only 76 dBA. The gears are Reishauer ground separately, then electron beam welded into clusters (by Torvac, Cambridge). The 16-speed headstock ranges from 40 to 2,000 r.p.m., and the spindle has a D1-3 camlock nose. It is bored to accept 1½ inch bar.

There are nine basic models made by Colchester, from 5 to 10½ in. centre heights with beds from 20 to 120 in. long. Lathe production is currently running at about 150/week, but with the opening of a fourth bay and the installation of new machines during the past two years at a cost of over £1m., capacity has been raised to over 250/week.

The new machine is being produced at a rate of about 8/week, but this is to be increased to 40/week. The Bantam 2000 is the spearhead of an intensive sales drive by the company to raise its share of the world centre lathe market from 22 per cent., to at least 25 per cent.

The company (part of the 600 Group), claims to be at least three times as large as any competitive centre lathe manufacturer in the Western world, and to hold 22 per cent. of the world centre lathe market. Over the past 12 months the company's turnover has been over £17m.

● CONSTRUCTION

Safer use of glass

IT IS estimated there were 30,000 accidents in Britain last year involving architectural glass. To help reduce this figure an educational service has been launched which will answer inquiries and provide a range of literature and educational visual aids for use by consumer organisations concerned with safety in the home or at work.

Sponsored by Doulton Glass Industries, one of the largest end-user related glass operations in the U.K., the Safer Glazing Information Service, as it is called, is based at 44, Osnaburgh Street, London, NW1 3DN (01-388 1816).

Technology exists which makes "break-safe" glass available to the consumer at reasonable prices, and capacity exists to support a growing demand. With Britain lagging behind other countries in legislation regarding the choice of glazing materials, it is felt more information should be available on the potential hazards and their prevention.

Mr. Ronald Lamb, managing director of Doulton Glass Industries, said that accidents involving glass differed from many others in one important respect—almost all of them could be prevented, simply by installing the right sort of glass in the first place.

Which glass to use would depend on the location and the purpose which the glazing material had to serve. This was where a central information source could be of real help to the consumer.

Ordinary (annealed) glass could be used with safety for many applications, said Mr. Lamb. Where accidents occur in the home they are usually associated with glazed doors and surrounds, and low-level glazing in screens and partitions. In these situations, tempered or laminated glass could give greater safety.

● ELECTRONICS

Takes the strain data

SEVERAL pieces of equipment have been introduced by Strainsall which are likely to be of interest to those involved in stress analysis.

Series 80 sonic strain gauge logger, for monitoring vibrating wire gauges offers resistance measurements up to 200 ohms with a rusolution of 0.1 ohm. Printout and display are in the form of a four digit number in units of 0.1 ohm. Gauge frequency is measured in units of one hertz to a maximum of 100 hz. A multiperiod mode provides measurements in units of 10 microseconds with a maximum of one second: printout and display are in five digit numbers representing units of one hertz or ten microseconds.

Also available is the model 12/12 direct print-out 12 channel galvanometer trace recorder. Paper speeds range from one to 1,000 mm/sec, with writing speeds in excess of 250 m/sec. More from Denmark Road, Cowes, IOW (098382 5111).

● ENERGY

Hot water for those on the road

A SOLAR energised portable water heater which is suitable for camping and other outdoor activities has been devised.

Weighing only 20 lbs. the unit is claimed to heat on a normal summer day with only intermittent sunlight, two gallons of water to 140 degrees F in one-and-half hours and then keep it hot in an integral insulated tank for up to 10 hours. It measures three feet six inches by two feet.

The Supasol system, as it is called, has a flat solar collecting plate made of copper.

After the water reaches 110 degrees F/120 degrees F, thermo syphoning takes place, the heated water is transferred to an integral two-gallon insulated tank and cold water circulated to the plate. Hot water is drawn off from the collecting plate by a simple tap and fresh supplies of water are poured into the tank, either manually or by connection to say a caravan's storage tank.

The water heater is made by Thermal Energy Component of Nottingham and more information about it can be obtained from Kenelek Technical Services, Kennedys' (Builders Merchants), 2 Wellington Road, Bournemouth, Hants. BH8 8JN.

● INSTRUMENTS

Gauges wind at stadium

A WIND gauge for use i[n] athletics has been designed b[y] Cantabrian of Ditton Walk Cambridge CB5 8RE and is [to] be marketed at a retail price o[f] £250.

The unit utilises a rot[or] mounted inside a relatively lon[g] cylinder so that velocity i[s] measured in a specific direction[.] the equipment is sited paralle[l] to the direction of the competitors to measure only tha[t] component of the wind tha[t] affects their performance.

Designated T320A, the gaug[e] can be set to measure an average over the period of the particular event, cutting out afte[r] the nominal time of the event.

The stop watch and associated human errors previously hampering this kind of wind speed measurement are thus removed.

● PROCESSES

Takes dust from hot gases

SPECIFICALLY developed for particulate extraction from high temperature gas streams where high collection efficiencies with low pressure drop characteristics are required, Ejex Concept 3100 cyclones have been introduced by Tolltreck, Friar Street, Droitwich, Worcestershire, WR9 8ED (09057 5661).

Operating at temperatures up to 900 deg. C., the main application of the cyclones is as a first stage coarse particulate collector. Collection efficiency is stated to be 45 per cent. for 10 micrometre particles, for a typical application, rising to 100 per cent. at 90 micremetre.

Gas flow capacities range from 5,000 to 15,000 cfm. The cyclone shell is in flanged sections for ease of maintenance, while refractory lining and shell materials can be varied to suit the application.

Gives cold environment

TEMPERATURES down to −95 deg. C. are offered in a range of low temperature test cabinets put on the market by Cee-Tel Thermal Equipment, 75, Princes Avenue, Tolworth, Surrey (01-399 164).

Applications include industrial and medical research, quality control, production testing, metal treatment and long-term storage for serum or specimens.

With mild steel exterior finished in stove enamel and an all-welded stainless steel interior, the units have lids with counter-balanced springs and additional inner lids for added temperature safeguard. Temperature control is described as "close" and full scale indication is provided. Under and over temperature fail safe alarms can be supplied if needed.

HOME NEWS

.K. hopes of rejoining Airbus consortium rise

! MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIN'S PLAN to rejoin the pean Airbus consortium, if ight terms can be agreed, ared to be given an initial araging response yesterday lks with the French aero- company, Aérospatiale, and er discussions are to be held

s emerged following the ng in London between Lord ick, chairman of the British pace Organising Committee, General Jacques Mitterand, dent of Aérospatiale.

e formal statement merely that the talks were ructive and encouraging," would continue. It is under- , however, that there was plain speaking on both

e U.K. team, which besides Beswick included Mr. Allen nwood, chairman of British aft Corporation, and Sir Fletcher, managing director awker Siddeley Aviation, is rstood to have stressed the s basic desire to see a new porative arrangement emerg- with Europe on the next ration of civil airliners.

ile not delivering any ulti- m, the U.K. made it clear to French aerospace chief that e British overtures were re- d, it would not hesitate to collaborative arrange- s with the U.S. in exactly ame way as the French are doing in talks with Boeing and McDonnell Douglas.

What the U.K. wants to see is not just a small share of existing A-300 Airbus work, beyond that now done by Hawker Siddeley as a private venture, but a major role in design, development and production of derivatives of the A-300, including the proposed B-10 medium-range model, and any other models beyond that, such as a possible long-range aeroplane.

Only in this way would rejoining the Airbus Industrie consortium be worth Britain's while, justifying the investment involved—which would be bound to be substantial, amounting perhaps to as much as £200m. or so spread over several years.

Only with such work programmes could major civil aircraft centres such as Filton near Bristol and Hatfield in Hertfordshire be kept going.

Major share

This message will also be conveyed to Herr Ludwig Bolkow, president of Messerschmitt-Bolkow-Blohm, when he meets Lord Beswick next week, and later also to Mr. Gerrit Klapwijk, chairman of VFW-Fokker. It has already been conveyed to the European Governments at diplomatic level.

Now that this formal initiative has come from the top, however, it will be possible for the middle management in the U.K. aerospace industry, who are constantly in touch with their European counterparts, to work out the details of any U.K. participation in the Airbus programme.

Lord Beswick and the Department of Industry, will want to see a detailed plan, setting out the workloads that can be obtained by the U.K. on various Airbus derivatives, and the cash involved, before making any final commitments.

The ultimate decision, however, must be a Cabinet one, with formal governmental agreements from France, West Germany and Holland. Thus, a great deal of technical and diplomatic work still has to be undertaken, and it may not be until the late summer or early autumn that a clear plan emerges.

At the same time, however, the U.K. is keeping its options on the possibility of collaboration with the U.S. wide open, and it is still considered feasible for the U.K. to have a major share in Airbus Industrie on the B-10 and other Airbus derivatives, while perhaps sharing with Boeing work on the 7N7 short-range aircraft.

The U.K. also wants to press ahead with plans for Rolls-Royce (1971) to join with Pratt and Whitney of the U.S. on development of the JT-10D "ten-tons thrust" engine for the next generation of civil airliners.

Mrs. Thatcher hits at 'restrictive' new pay deal

BY PHILIP RAWSTORNE

Mrs. Thatcher, the Conservative leader, yesterday launched a vigorous attack on the Government's pay deal with the TUC.

Speaking at the Conservative Women's conference in London, she said: "At a time when our energies should be liberated and effort rewarded, a new policy has been conceived which is even more restrictive than the previous one.

"Under it, there can be no extra pay for higher productivity and overtime is discouraged, whilst skilled workers, managers and executives all see their differentials yet further eroded."

Restraint was now essential for recovery, said Mrs. Thatcher. "It is to the credit of the British people that they recognise this and are prepared, at least temporarily, to accept it from whatever authority.

"But restraint is a negative thing. Like so much else to do with Socialism, it is restrictive and depressing. It holds down instead of building up. It depresses expectations instead of encouraging achievement."

Mrs. Thatcher said that the Prime Minister knew that industrial prosperity depended on higher productivity and rewards for hard work and responsibility. But he had told industrialists that he could do nothing until next year.

"Mr. Callaghan is once again falling back on this Government's favourite maxim—'Don't do to-day what you can put off till to-morrow.' What an impossible attitude."

Mrs. Thatcher said that Socialism had brought the country into "a dry desert of debt, devaluation and decline."

If the Government really wanted to encourage profits and confidence, it should act immediately by curbing public spending and abandoning its programme of nationalisation.

Proposals agreed by property men

By Michael Lafferty

THE BRITISH Property Federation, the organisation representing almost all major U.K. property companies, appears to have agreed to the idea of annual property valuations as proposed in the Sandilands report.

But instead of mandatory independent annual valuations sought by Sandilands, they want the option of carrying out internal valuations which should be reviewed or "audited" in turn by independent valuers.

Tories angry as Walker warns of divisive industrial policies

BY PHILIP RAWSTORNE

THE former Industry Secretary, Mr. Peter Walker, last night gave a warning to the Conservative Party that it was in danger of adopting industrial policies which would "divide the nation."

His warning, which came shortly after the party had announced plans for a policy conference with industrialists in Solihull on July 9, angered Tory leaders.

Mr. Walker, speaking at a meeting of the Tory Reform Group in London, said that the Shadow Cabinet appeared to be moving towards a strategy of tough restrictions on the money supply combined with a return to free collective bargaining after reducing trade union power by abolishing social security payments to strikers' families and tightening the law on picketing.

No Conservative Government which seriously wanted to establish good relations with unions could follow such a policy, he declared. "The electorate, including millions of trade unionists who normally vote Conservative, would be wary of such a policy."

Mr. Walker said that the Conservatives were at a considerable disadvantage because of their lack of a consistent approach to the question of incomes policy.

Failure

Because of their reluctance to accept its immediate necessity, the party was failing to produce constructive proposals for the type of industrial society in which a return could be made to free collective bargaining based upon a new sense of responsibility within industry.

The former Cabinet Minister urged the party to unite on a programme based upon four main points:

1—The establishment of a Parliament of Industry in which major economic and industrial issues could be discussed by members of all sections of industry.

2—Secret postal ballots for the election of trade union officials.

3—A scheme for introducing over a three-year period some form of worker participation in all companies employing more than 250 people.

4—A profit-sharing incentive system with tax-free payments to employees every three years from profits deducted from Corporation Tax.

North Sea development costs up 57%

BY RAY DAFTER, ENERGY CORRESPONDENT

THE COST of commercial oil and gas fields under development in the North Sea has risen by an average of 57 per cent. since original budgets were made, according to a new report on the offshore oil industry.

Some observers in the industry say development costs have now risen to over £3,000 per planned barrel of maximum production, compared with £1,000 per barrel a few years ago, reports oil analysts Wood, Mackenzie.

Five basic reasons are given for the increase. First, the high level of inflation over the past three years has led to a sharp increase in labour costs.

Secondly, cost estimates in sterling have been affected by the devaluation of the pound.

Thirdly, the shortage of specialised services and raw materials in the early years of North Sea development have added a scarcity value to costs.

Fourthly, problems in field development and equipment construction led to delays in many cases.

Lastly, the so-called "learning curve" is being achieved at a price; when development programmes started, the oil and construction companies had little idea of many of the technical problems in a North Sea field.

Risk-contract hint n defence report

Y MICHAEL DONNE

: POSSIBILITY of the ernment placing major de- e orders on a risk-contract s as a means of ensuring er control by managements he work involved is hinted in a White Paper, issued erday.

a long and detailed res- e to criticisms of its handl- of defence policy and geting by the Commons Ex- diture Committee, and par- larly of the rising costs of anti-submarine warfare ser programme, the ernment says it is "explor- the possibility of concluding risk-contract with Vickers llder of the first ASW iser, Invincible).

Negotiations on such a con- ct have begun, and proposals m the firm for a risk price e expected soon."

In the meantime, says the ite Paper, "It is acknow- ged that the delays which e already occurred could d to cost increases." The ernment accepts that target ts and dates should be realistic and that everything possible should then be done to ensure that these targets are met.

The present contract for Invincible is on a cost-plus plus basis. A risk-contract would involve a measure of incentive for the contractor to keep costs down, and he would probably have to bear a part of the cost over-runs if a project was delayed or the price otherwise increased.

There has been particular concern at the delay of the Invincible, now about two years behind schedule, and the White Paper says the consequences of this for the Royal Navy's anti-submarine warfare capability are under consideration.

"If the delay is thought to require the extension in service of any existing ships, special regard will be paid to the need to achieve an economical solution.

Defence Expenditure, Government Observations on the Second Report from the Expenditure Committee, Command 6489, SO, 35p.

J.K. commercial vehicle ales maintained

Y KEVIN DONE, INDUSTRIAL STAFF

commercial vehicles manu- urers last month maintained slight improvement in estic sales seen in March fol- ng the depressed levels at beginning of the year. But nonetheless sold 1,202 fewer cles than in April 1975.

cording to figures released rday by the Society of Motor ufacturers and Traders, sh products accounted for per cent. of new registra- of commercial vehicles in J.K. last month against 87.03 cent. in March. In all, 16,932 sh goods vehicles were sold ared with 16,390 the pre- month.

t compared with April, 1975, 18,134 new British vehicles registered there were sharp both in terms of market and by volume.

e major part of the fall con- d to be at the heavier end e market. In April, sales of British car derived vans and pickups rose to 5,462 from 5,032 in the same month last year, with overall sales in this sector climbing from 5,689 to 6,251.

Sales of heavy commercials of above 3½ tons, on the other hand, were down last month to 5,086 units from 5,313 in April, 1975. In the four months to the end of April, sales dropped from 18,568 in the same period last year to 16,249. No marked upturn here is likely until the end of the year, manufacturers believe.

Total British commercial vehicles sales in the first four months of this year were 64,282, or 87.28 per cent. of the market, compared with 74,727 and 87.67 per cent. in the January-April period of 1975.

At 2,516 vehicles, imports were down on April 1975, but slightly higher than in March this year.

RIL REGISTRATIONS OF NEW GOODS VEHICLES IN THE U.K.

	Cars, derived vans and pickups 1976	1975	Other goods vehicles up to 3½ tons 1976	1975	All other goods vehicles 1976	1975
British	5,462	5,032	6,893	8,291	4,577	4,811
Imported	789	657	1,218	1,720	509	502
d total	6,251	5,689	8,111	10,011	5,086	5,313

nfield electric car nakers to close

Y KEVIN DONE, INDUSTRIAL STAFF

IELD AUTOMOTIVE, the any which hoped to launch electric car in Britain on a mercial basis, is to close at end of the month after pro- ng only 112 vehicles in the two years.

. John Ackroyd, the com- 's managing director, said rday that the private market the hand-built car, costing t £3,000, appeared to have saturated.

ly six of the cars have gone rivate owners. The Electri- Council bought 61 in the any's biggest order, while of the others went to ricity authorities abroad.

e Electricity Council paid t £180,000 for its 61 models he Enfield 8,000, the two- r model which can reach ds of 40 mph and has a e of up to 55 miles.

e Council is carrying out a iled evaluation of the car, ding the technical, social energy prospects, and has ht the entire stock of spares to enable it to carry on with its tests.

Mr. Ackroyd said the company had hoped that, as output built up, the cost of the car might come down, but this aim had not been realised. The six models bought privately were taken by people who were "either very dedicated, or very rich."

The cars have been assembled on the Greek island of Syros from parts manufactured in Britain. The original plan was to build the cars on the Isle of Wight, but assembly was switched to the Greek island after backing by Mr. John Goulandris, a Greek businessman.

Final testing and completion work was still carried out at Cowes. But now the 13-strong workforce there is to be made redundant.

The Electricity Council first announced its interest in electric cars ten years ago. Since then, however, other U.K. companies involved in electric car projects have abandoned them.

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(Ref: K7831/FT)

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He or she will also be involved in general financial operating, management information systems development and new business investigations.

Candidates should have broad career experience in all these areas plus an engineering industry background. They will probably be qualified accountants or Chartered Secretaries and must have a working knowledge of French and/or German.

(Ref: K7832/FT)

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the relevant reference on the envelope.

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(Personnel Services Ref: AA15/5616/FT)

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Age is immaterial. Candidates will probably be graduates with an MBA or accounting qualification or training in financial management with a major industrial company. They should have had at least four years' experience in a consumer orientated environment including both manufacturing and distribution, and should be familiar with computer based management control systems. A knowledge of French or German will be an advantage. Salary is by negotiation but will not be an obstacle to the right person.

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GENERAL APPOINTMENTS ARE CONTINUED TO-DAY ON THE FOLLOWING TWO PAGES

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(PA Personnel Services Ref: AA27/5612/FT)

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PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

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Recruitment Officer
NATIONWIDE BUILDING SOCIETY
New Oxford House
High Holborn
London WC1V 6PW

REUTERS REUTERS REUTERS

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Replies, please, enclosing curriculum vitae, to: Miss Jane Weyman, Personnel Manager, Amex Bank Limited, 120 Moorgate, London EC2P 2JY.

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Ronald Fairbairn, Recruitment Manager,
(Ref 501), Everetts Limited,
10 Greycoat Place, London, SW1P 1SE

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LABOUR NEWS

Look beyond pay restraint—Jones

BY CHRISTIAN TYLER, LABOUR STAFF

EMPLOYERS and unions should start talking now about incentive payment schemes to prevent a "mad scramble" after the next phase of wage restraint ends, Mr. Jack Jones, general secretary of the Transport and General Workers Union, said yesterday.

Mr. Jones was appealing to both sides of industry to prepare for "a return to orderly collective bargaining" and at the same time hinting at his own worries about shop-floor pressure building up against the £2.50-£4 pay limit next winter.

After a speech at the opening of a TGWU holiday and education centre at Ayr, Scotland, he said: "All the prophets of doom say it will be terrible to go back to free collective bargaining. I don't think so—not if we plan for it now. Otherwise, there could be a mad scramble."

Incentives

In the speech he said financial incentives should be devised for managers as well as workers. The discussions should be linked to company planning agreements which were central to industrial recovery and the success of the Government's industrial strategy.

He added: "Unfortunately some sections of industry are dragging their feet in the conclusion of planning agreements.

"There is nothing against employers starting to talk with trade unions now on these lines. Indeed, there is everything to be said for it, if the approach is made with the understanding that all of us want to make a success of the new pay policy and not to do anything to undermine it."

Pressures

Talks "on productivity and efficiency incentives now "would certainly prevent a dangerous build-up of industrial relations pressures in the period ahead."

Indirectly referring to trade union critics who have accused TUC leaders of too readily swallowing the Government's cure for inflation, he said the TGWU's philosophy of maximum decentralisation and shop-floor involvement in wage bargaining was "in no way diminished" by the union's acceptance of present policies.

Mr. Jones also renewed his call for free allowances of coal, electricity or gas for the old and disabled.

Wage policy switch by civil servants

BY ALAN PIKE, LABOUR STAFF, IN EASTBOURNE

THE LEADERSHIP of the Society of Civil Servants suffered an unexpected rebuff yesterday when conference delegates rejected the national executive's call for opposition to the new Government-TUC pay proposals.

Apart from further isolating the minority of unions which will vote against the agreement at next month's special TUC Congress, the decision will heighten interest in branch voting on the pay policy now beng conducted by the biggest civil service union, the Civil and Public Services Association.

The CPSA executive, like the Society's executive until yesterday's policy switch, is opposed to the pay policy and is recommending rejection by its branches.

Yesterday's decision at the Society's conference here came when delegates, on a card vote, threw out an executive motion and report rejecting the Government-TUC guidelines because they said they did not tackle the fundamental economic problems of the country and were "incompatible" with the Society's aims on pay.

Voting was 5,509 to 4,196. The document and motion had earlier been approved by an 18-7 vote of the Society's executive.

Opponents of the pay policy, which the Society voted against at last year's TUC, based their arguments around the fact that the policy had put into suspension the system of determining civil service salaries by comparison with outside industry.

The conference went on to express unanimously its opposition to civil service manpower cuts and deplore the "curtain of secrecy" which it believes has descended over the proposals.

It was also agreed to change the organisation's name to the Society of Civil and Public Servants to reflect more accurately the present membership structure.

Fabians seek incomes plan with annual bargaining

BY IAN HARGREAVES, LABOUR STAFF

A LONG-TERM incomes policy aimed at producing a more egalitarian pay structure is called for to-day in a Fabian pamphlet.

The authors, William Brown and Keith Sisson, both of Warwick University, put the case for annual bargaining in three stages.

The starting point would be negotiations between the Government, the TUC and the CBI in which the scope for pay increases would be decided, along with overall social and economic priorities.

The second stage would involve decisions on division of the total pay cake, one aim being to ensure a continued uniform narrowing of differentials to help the lower-paid.

Stage three would shift the bargaining process to industry or plant level by local negotiators. The authors say this three-stage annual negotiation would have the additional merit of developing synchronised pay deals.

Although the authors accept that their "positive incomes policy" contains stress points, not least the TUC's task in reconciling industrial power with fairness in the second stage, they believe it could be made to work as "an instrument for economic stability and social change."

A Positive Incomes Policy: Fabian Society, 11 Dartmouth Street, London SW1 H9BN (47p)

Fork-lift plant halted

By David Churchill, Labour Staff

PRODUCTION of fork-lift trucks at the British Leyland subsidiary Coventry Climax stopped yesterday after a walk-out by 300 machine-shop operators over interpretation of a pay claim under the present incomes policy.

The dispute, which loses output of nine trucks a day at a cost of £70,000, follows a two-week work-to-rule by the machine-operators for a £6 increase on basic rates. The company is believed to have offered about £5 a week, on hourly rates, as the workers have already received a £1 rise this year.

A local official of the Transport and General Workers' Union said the workers wanted the increase on the basic and not the hourly rate so that the rise covered holiday payments.

Climax said the work-to-rule made it "economically unviable" to maintain production, and it gave the workers an ultimatum on Monday either to work normally or see production stopped. The machine-operators decided to strike until their claim was met in full. They hold a mass meeting to-day.

A further 250 hourly-paid workers are likely to be laid off if the strike continues.

Earlier this year the company announced a £2m. expansion scheme and told the 1,500 workers there would be no short-time in 1976 due to the recession in the industry.

A 24-hour strike by about 50 Supervisors at Leyland's Cowley plant, Oxford, planned for to-day, was called off.

The supervisors, members of the Association of Scientific, Technical and Managerial Staffs, also ended an overtime ban.

Closed shop moves nearer

By Our Labour Staff

A CLOSED shop for nearly 12,000 white-collar workers in the Co-operative Insurance Society is likely to be agreed at a meeting between the company and the four unions involved next month.

This would re-introduce an arrangement similar to one in operation before the 1971 Industrial Relations Act effectively stopped the enforcement of closed shops.

Meanwhile, British Rail staff facing dismissal for refusing to join one of the three rail unions in the industry's closed shop agreement, last night lobbied Mr. James Prior, Shadow Employment Secretary, and other Conservative MPs at the House of Commons.

Seven BR employees have been dismissed because of the closed shop and a further 56—out of a total labour force of 250,000—are awaiting dismissal.

Tories back code on participation

BY JOHN ELLIOTT, MANAGEMENT EDITOR

THE PROSPECT of companies being encouraged by law to appoint worker-directors to their Boards during the next few years was considerably increased yesterday when Mr. James Prior, Conservative employment spokesman, spoke in favour of the idea.

In a speech which provided the first overall view of the Conservative Party's official stance on the subject of industrial democracy, Mr. Prior proposed that a statutorily-backed code of practice should be drawn up to give employees new legal rights and to increase their involvement in company affairs.

This means that both major political parties are now lined up behind the idea that ultimately there should be worker-director representation in boardrooms.

Sharp debate

There would be considerable differences, however, between the two parties over how this should be done—for example, on the rights of non-trade unionists—and this indicates a sharp debate once the Bullock Inquiry on industrial democracy reports next winter.

Mr. Prior made his remarks yesterday during the second session of the Industrial Society conference in London where, on Tuesday, Mr. Edmund Dell, Trade Secretary, had stressed that any Labour Government initiatives on the subject would be compatible with improved industrial relations and management efficiency.

The Conservative Party's proposals have not yet been drawn up in detail. But Mr. Prior's speech yesterday broke new ground and was considerably more conciliatory in tone towards trade unions than his remarks at the weekend about the need for a look at the law on picketing and benefits to strikers' families.

Mr. Prior proposed that company law should be changed so that employees had equal protection with shareholders and that a code of practice, statutorily backed and possibly with some form of compulsion built in, would lay down further aims.

This code would provide for worker-directors on supervisory Boards in much the same way as was proposed by the One Nation group of Conservative MPs last Thursday. The code would lay down how many worker directors there should be and would also provide for collective bargaining to be extended into new areas.

More financial company information would be handed over to shop stewards and employees and there would be special training schemes to make this work efficiently. Mr. Prior backed one TUC idea on this when he said that Government finance could be provided to pay for the training.

In addition, tax concessions would be introduced to help employees buy shares in their companies.

Bid for AUEW unity faces new setback

BY ROY ROGERS, LABOUR CORRESPONDENT IN SCARBOROUGH

ATTEMPTS to weld the four sections of the Amalgamated Union of Engineering Workers into a fully-integrated single union of 1.4m. members ran into further trouble yesterday at the engineering section's policy-making national committee meeting in Scarborough.

This 52-man body, which over the past two years has rejected amalgamation proposals put forward by their executive, yesterday presented AUEW leaders with a predicament by splitting 26-26 after a day-long debate on fresh proposals.

Alternatives

Last night the executive of the engineering section was deciding what to advise when delegates reconvene to-day. Indications are that the proposals will fall and that the debate will then centre on a Right-wing resolution suggesting alternatives which appear certain to be rejected by some if not all of the smaller sections—the white-collar section (TASS), the foundry and construction sections.

Right-wingers on the National Committee opposed the executive's plans on the grounds that the dominance of the engineering section would not be effectively maintained and that existing officials of Left-wing led TASS would be guaranteed posts for life while engineering section officials would remain subject to periodic re-election by postal ballot.

One of the deep-seated fears of the moderates is that amalgamation along the lines suggested by the executive would give the Left-wing a greater say in the union and possibly leave the way open for Left-wingers to force the abandonment at the earliest opportunity of the postal balloting system which is widely believed to favour moderates.

PARLIAMENT

MPs doubtful on local tax

LEGISLATION to reform the rating system in the wake of the Layfield Report on local government finance cannot be introduced before the next financial year at the earliest, Mr. Peter Shore, Environment Secretary, told the Commons yesterday.

MPs on both sides of the House gave a cautious reception to the complex 500-page report. They were not reassured when Mr. Shore told them that the full evidence to the committee ran to 5,000,000 words, the most interesting parts of which will be published in seven volumes in the autumn.

From the tone of his remarks, Mr. Shore seemed to have considerable reservations about the possibility of introducing a local income tax which is looked upon favourably in the report as an addition to the rating system. It soon became clear that his doubts were shared by the Conservatives and by some Labour backbenchers.

Mr. Shore said that a local income tax would be very complex. He went on: "I must stress that the committee envisages a local income tax as a supplement to the rates and not as a substitute for the rates. This proposal obviously requires very careful consideration."

He suggested that the central need was for MPs to clear their minds on the central question of whether or not there was a need for a local income tax.

Mr. Timothy Raison, shadow Environment Secretary, told him that the Opposition would look very closely at the report to see if it met their deep-rooted objections to the present rating system. "But we have very serious doubts about the cost of a local income tax," he stressed.

He wanted to know if Mr. Shore's statement meant there would be no possibility of legislation before 1977-78 at the earliest.

In reply, the Secretary of State told him that the Government hoped to come to a conclusion as soon as possible and be ready for some legislation in the next session of Parliament which starts in the autumn.

Another Conservative, Mr. Michael Morris (Northampton S), concluded from this that ratepayers were really being told that the Government would not be able to help them at all for at least two years.

Mr. Shore explained: "Most ratepayers are feeling less bruised by the rate increases this April than they were by the very severe increases in the preceding three years. Of course, it is impossible to think of any major changes being agreed and introduced before the next rateable year."

He emphasised that the Government wished to press ahead urgently with consultations on rate reforms and that interested parties should submit their views by November. After that, the Goverment would aim to come to decisions and report to the House as soon as possible.

Mr. Shore pointed out that the committee had not provided a single clear-cut list of recommendations but had made a fundamental analysis of the present state of local Government finance.

Mr. Arthur Blenkinsop (Lab. South Shields) called for an early debate and emphasised the close links between local government finance and the devolution proposals. It was essential to have a Government statement as soon as possible giving its views about devolution for England.

For the Welsh Nationalists, Mr. Gwynfor Evans (Carmarthen) objected to a suggestion in the report that there might be rating of agricultural land. This would be totally unacceptable to farmers and would send up the cost of food to the housewife.

A warning came from Mr. Roderick MacFarquhar (Lab. Belper) that any decision to preserve the rating system and add a local income tax on top of it would be greeted with widespread dismay.

Mr. Peter Fry (C. Wellingborough) declared that the main reason for public grievances against the rating system was that it bore little relation to the ability to pay. The Government should bring forward proposals for a more credible system assessed according to people's income.

Mr. Shore told the MPs that he understood the concern about the devolution proposals and he agreed that there should be a connection between Layfield and any devolution plans finally agreed. He thought that a debate on the report would be welcome.

Liberals plan campaign harmony

By Peter Hennessy, Lobby Correspondent

THE THREE declared Liberal leadership candidates—Mr. John Pardoe, Mr. David Steel and Mr. Emlyn Hooson—yesterday drew up a concordat whereby they will meet regularly during the campaign to prevent any unseemly bloodletting.

Mr. Alan Beith, Liberal Chief Whip, will chair the meetings and act as an umpire, deciding the ground rules under which the campaign will be conducted.

The party's aim is to avoid any further damage to its sagging reputation following the trauma of the events leading up to the resignation of Mr. Jeremy Thorpe.

The party met informally at Westminster yesterday when Mr. Jo Grimond, the present party leader, sketched out his familiar philosophy of the Liberals as an alternative radical party of the Left—a view he hoped would be carried forward by whoever succeeded him.

The meeting also discussed the new election procedure for choosing a leader, which will be considered by a special Liberal Assembly in Birmingham on June 12.

MPs felt the requirement whereby each candidate should be supported by at least three members of the Parliamentary Liberal Party was too restrictive. Their views will be conveyed by Mr. Beith to a meeting of the party executive in Oxford to-morrow.

A leading article in the May issue of New Outlook, the independent Liberal journal, published yesterday, states that either Mr. Pardoe or Mr. Steel would make "perfectly adequate" leaders.

Mr. Steel, it says, would exert the strongest appeal to the uncommitted voter, but Mr. Pardoe is judged to have the edge when it comes to communicating concern and "storming the citadels."

Hattersley rejects Cyprus report

FINANCIAL TIMES REPORTER

ACTING WITH unusual haste, the Government yesterday rejected a House of Commons Select Committee report criticising Britain's failure to undertake military intervention in Cyprus in July and August 1974 and condemning an "error of judgement" by Mr. James Callaghan, when still Foreign and Commonwealth Secretary, over the movement of Turkish-Cypriot refugees from the sovereign base area.

In a vehement defence of Mr. Callaghan and his own department, Mr. Roy Hattersley, Foreign Office Minister of State, asserted during question time exchanges that the committee had ignored evidence demonstrating that military intevention in Cyprus was neither right nor possible.

With equal vigour, he stressed that the committee's report offered no evidence to show that its favoured strategy of isolating Turkey internationally would promote a solution to the Cyprus problem.

Mr. Hattersley said the Government regretted that the committee did not take the opportunity to make an impartial and constructive contribution to solving the problem, but the Government accepted its view that everything possible should be done to achieve a solution. "That is our policy," he declared.

One member of the committee, Mr. Christopher Price (Lab., Lewisham W.) protested that Mr. Hattersley's "very tetchy comments" on the report would not help in any way to get a solution to the Cyprus problem.

Whatever might have happened in the past, there would be a real opportunity, he said, for a new British initiative through European interests and through the forthcoming Commonwealth Prime Minister's conference.

It was necessary for discussions to take place in a wider context, Mr. Price maintained, because the present inter-communal talks had clearly failed.

Mr. Hattersley assured the House that Mr. Anthony Crosland, the new Foreign and Commonwealth Secretary, would continue the Government's policy of seeking to promote a solution to the Cyprus problem.

"But the idea that this can be brought about by somehow isolating Turkey and relegating them to a situation of international isolation seems to me to be not only wrong but diametrically wrong."

Strong support for the Minister came from Mr. Jim Spicer (C, Dorset W), who claimed that the Select Committee report took no account of the persecution of the Turkish minority in Cyprus between 1960 and 1974.

But Mr. Hattersley refused to comment on his suggestion that the Select Committee should not be re-appointed because it had produced an "utterly biased" report. At the same time, he emphasised that while the Select Committee was free to make what recommendations it chose, Ministers were also free to state their views on them.

Mr. Reginald Maudling, shadow Foreign Secretary, described the Minister's comments on the Select Committee's report as "unusual and very terse." He pressed for an early debate on the matter.

Any new initiative which might produce a solution would be welcomed by the Opposition, he said.

Mr. Hattersley replied that he would welcome an opportunity to make clear that the Select Committee's report did not speak for the Government and to ensure that any damage which might have resulted from it was repaired.

Minister promises talks on New Zealand butter

THE GOVERNMENT will have talks with New Zealand on the new EEC proposals on butter before accepting or rejecting them, Mr. Fred Peart, Minister of Agriculture, told the Commons yesterday.

Reporting to the House on the meeting of the Council of Agricultural Ministers in Brussels this week, Mr. Peart dealt with the problem of how much New Zealand butter should be imported into the U.K. during 1978 to 1980.

The Commission had put forward a proposal to assure New Zealand that fixed quantities of butter would have a market here. But part would be sold for the manufacture of other foods.

Mr. Peart said: "I have neither accepted nor rejected this proposal in principle. It was clearly necessary to have the details and consider them with New Zealand before any decision could be taken."

Mr. Michael Jopling, Opposition spokesman, welcomed the efforts to secure a fair deal for New Zealand. He hoped the Government would equally try to get a fair deal for African Caribbean and Pacific countries on sugar.

Mr. Peart said that he was such a defender of New Zealand that "some people think I am half Kiwi." He said he would equally defend ACP sugar producers.

On lamb, Mr. Peart said he would not agree to any arrangements in Europe which did not meet the interests of our producers and consumers.

Mr. Ted Garrett (Lab. Wallsend) asked Mr. Peart to tell the House "and more especially his pro-European colleagues, what benefit there would be to people—like my wife—who will ultimately have to pay the price."

Amid laughter Mr. Peart replied: "I believe our entry into the EEC enabled Britain to shape and change things." He added "There is no cheap food now anywhere in the world."

Tory seeks Meehan case inquiry

AN IMMEDIATE call for a public inquiry followed the announcement by Mr. Bruce Millan, Scottish Secretary, in the Commons yesterday that Patrick Meehan, sentenced to life imprisonment for murder in 1969, was being released, with the recommendation of a free pardon, after serving seven years.

The inquiry demand came from Mr. Nicholas Fairbairn (C., Kinross and West Perthshire), who defended Meehan at his trial.

But Mr. Millhan replied that it would be premature to consider any question of an independent inquiry before the Lord Advocate (Mr. Ronald King Murray) had completed his investigations.

In a statement, Mr. Millan said that Mr. Murray was considering whether, in the light of new evidence, he should instruct any further investigations, "with a view to possible criminal proceedings."

After stating that he had decided to recommend the exercise of the Royal Prerogative to grant a free pardon because of new evidence, Mr. Millan said that this included the revelation that a man named William McGuiness had made a deathbed confession in which he said Meehan was not involved in the robbery which led to the murder of Mrs. Abraham Ross in Ayr.

The value of the statements by McGuiness must be a matter of judgment, but there was independent evidence establishing that McGuiness was in Ayr on the night of the murder.

Mr. Alick Buchanan-Smith, Shadow Scottish Secretary, asked if the new evidence was only available now because the solicitor concerned was no longer bound by the confidentiality rule. This raised wider questions and ought to be referred to the Royal Commission on the Legal Profession.

Mr. Millan confirmed that the new evidence had been received only recently and it had weighed very heavily in the decision he had taken.

Mr. Millan said that confidentiality raised many extremely difficult questions. It was a matter for the Law Society of Scotland. It would be relevant for the Royal Commission, but if there would be benefit from earlier discussions between Scottish Office officials and the Law Society, he would take that action.

Mr. Robert Hughes (Lab. Aberdeen N.) said there was a clear example of a miscarriage of justice. The previous Scottish Secretary (Mr. William Ross), had been severely handicapped because knowledge which existed had only been available in another quarter.

Mr. Millan said he had additional information, not available to previous Scottish Secretaries. He wondered if information would be made available to solicitors were it not for the confidentiality rule. It was not an easy matter to decide.

Mr. Fairbairn said: "This is a moment of great triumph for those who have been fighting for Meehan's release for seven years, against the bland face of the Scottish Office and the Lord Advocate's Office."

Car industry must 'pull its socks up'—Crosland

FINANCIAL TIMES REPORTER

BRITAIN'S car industry was urged to improve its performance by Mr. Anthony Crosland, Foreign Secretary, in the Commons yesterday, when he replied to questions from Labour backbenchers about the possible use of selective import controls to limit foreign penetration of the home market.

Commenting on car imports from Japan and from Britain's EEC partners, Mr. Crosland stated, amid Opposition cheers, "I feel very strongly that there is only one solution to this problem, and that is for the British motor industry to pull its socks up."

He confirmed that he had discussed the level of Japanese imports during his recent visit to Tokyo.

Mr. Ioan Evans (Lab., Aberdare) complained about the vast amount of vehicle imports from other EEC countries and pointed out that there had been over 22 per cent. penetration of the British market in the first three months of this year.

Asked about the likelihood of China placing orders for Concorde, Mr. Crosland said it had been made clear to him in Peking that the Chinese authorities would not take any decision until they had been able to assess the aircraft in service.

Soviet 'apologist' role denied

MR. ANTHONY CROSLAND, Foreign Secretary, yesterday denied that he was the "unpaid apologist" of the Soviet Union.

Mr. Nigel Forman (C., Carshalton) said Mr. Crosland had been reported as saying that his talks with the Chinese "did not amount to much." He added: "This may have been due to the fact that you seemed to be acting as the unpaid apologist of the Soviet Union."

Mr. Crosland replied: "That was hardly the view of the Chinese Ministers with whom I was talking." They had taken a completely contrary view.

He had made clear to the Chinese that the West must remain strong, vigilant and determined against the possible threat from the Soviet Union, while also pursuing detente.

Mr. Crosland said he had discussed South Africa with the Chinese. But the discussion had been somewhat one-sided.

Banking takeover firmly denied

By Justin Long, Parliamentary Correspondent

THE GOVERNMENT last night dismissed as completely unfounded Opposition contentions that banking, insurance and the pharmaceutical industries were now threatened by plans for their nationalisation.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, condemned Tory "tirades" about prospects of further nationalisation in these areas as the "promotion of bogus uncertainty" for party political purposes.

"The Government's policy is crystal clear," he declared when the Opposition raised these issues in the Commons. "The Government has no intention of nationalising these industries."

He invited the Tories to withdraw the motion calling on the Government to dispel the damaging uncertainty over the future of banking, insurance and pharmaceuticals in particular.

There was no such uncertainty, Mr. Lever contended. But Mr. Michael Heseltine, shadow Secretary for Industry, pointed to the recent policy documents issued by the Labour Party and indicated that these further acts of nationalisation were subjects of discussion.

The Government had shackled the free enterprise system, Mr. Heseltine said "to set the stage to claim the right to be the sole provider of investment funds or at least the provider of the major part."

Left wins on policy lay-out

By Peter Hennessy, Lobby Correspondent

LEFT WING members of the Labour Party national executive committee yesterday overturned a decision reached last week, on the initiative of the Prime Minister and the Energy Secretary, Mr. Anthony Wedgwood Benn, that NEC documents which conflict with Government policy should have a statement of official policy printed alongside the offending paragraphs.

In the absence of Mr. Callaghan, who was addressing an AUEW conference in Scarborough, Left-wingers argued that the Government had the vast propaganda machine of Whitehall at its disposal and had no right to use NEC documents as a further vehicle for its views.

It was agreed, however, that future NEC statements should contain a foreword indicating that they did not necessarily reflect Government policy.

The NEC noted two papers submitted by Mr. Anthony Crosland, Foreign and Commonwealth Secretary, and Mr. Roy Mason, Defence Secretary, critical of proposals put forward by Labour's International Department calling for trade embargoes on South Africa, Chile and Brazil, and for further defence cuts totalling £1bn. by 1980. No vote was taken.

The Left were in a majority at yesterday's meeting but no attempt was made to restore the controversial economic proposals deleted from the document, drawn up by the Home Policy sub-committee of the NEC, in the absence of several Left-wing members, last week.

These included import controls on a wide range of manufactured goods, increases in public spending of more than £4bn. by 1980 and a proposal that the Bank of England should purchase and liquidate British overseas investment portfolios.

The meeting completed its scrutiny of the 60,000-word policy document which will be submitted for approval to the party's annual conference in the autumn. Its contents will be published in Labour Weekly on May 28.

PM orders political rules probe

By Peter Hennessy, Lobby Correspondent

THE PRIME MINISTER yesterday announced the setting up of an inquiry into the rules governing the political activities of civil servants. Its chairman will be Sir Arthur Armitage, Vice-Chancellor of Manchester University.

At present, under the recommendations of the Masterman Committee, which reported in 1949, civil servants of executive officer rank and above are precluded from taking an active part in national politics.

Mr. Callaghan's move comes after a long campaign by the Civil Service trade unions to get the restrictions lifted.

But the First Division Association, representing 9,000 officials in the most senior grades, is against any change on the ground that it might imperil the traditional political neutrality of the Civil Service.

Short tenancy Bill backed

A PRIVATE member's Bill aimed at helping the housing situation by offering tenants short leases of empty property was given a formal first reading in the Commons yesterday.

Sir Brandon Rhys Williams (C., Kensington) won a majority of 41 for his Housing (Shorthold Tenancies) Bill. Voting was 202 to 161.

Advertising and ..

RADIO

Great new medium

BY TOM O'LEARY

THE ADVENT of radio as a successful medium now offers us an opportunity to cover over 80 per cent. of the population, and this with the support of a sympathetic Government could be extended over the next few years.

In markets such as Greater London with two commercial stations, Capital now reaches a weekly cumulative audience of 4m. More importantly it offers a share of listening time comparative with BBC Radio's 1 and 2. LBC adds a further dimension to London's serious listening with an audience of over 2m., some 53 per cent. of Radio 4.

Radio City, the Merseyside station, now has an audience of just under 1m. who tune in on average 13½ hours a week. Radio Clyde attracts 61 per cent. of its local population, and has already established itself as a very economic way of reaching a large slice of the Scottish market. With Hallam (Sheffield), Metro (Newcastle), Tees (North Yorkshire), Piccadilly (Manchester) and Victory (Southampton) all showing evidence of strong growth and more stations becoming established, a new national medium as well as a regional medium can be a reality.

The major question we should ask ourselves however is do we deserve it? Can advertisers and their agents claim to have given this infant medium the encouragement it deserves?

During the many debates which followed the evident popularity of the pirate stations it was apparent that a large number of advertisers and most advertising agents were enthusiastic about it. Once it was under way, however it quickly became established as an entertainment medium, and therefore offered an opportunity to attract large audiences.

The earlier experience of the pirates and a knowledge of successes overseas in such countries as the U.S. and Australia, did not send companies rushing with open arms to take advantage of this new opportunity. Early investors in radio were required to pour in more and more money, while the advertising industry waited and watched to see audience figures reach a satisfactory quantifiable level. Only a very few were prepared to risk a small part of their appropriation on an experimental basis.

Fortunately to-day we are seeing a change of circumstances for the early entrepreneur. Clyde, Piccadilly and Hallam are all reported to be in the black, and Capital claim they will have recouped their total investment by the late Autumn. The newer stations on the scene are benefiting from the growth of billing being placed into radio. One of the latest, Beacon (Wolverhampton), which only opened last month, is claiming significant bookings of airtime well in excess of targets.

With intelligent use by advertising agents and their clients, radio will grow not only in size but in scope. It can already offer a facility for theme advertising to large population centres, as well as the high proportion of scheme advertising currently aired by manufacturers and retailers.

It has a topicality and immediacy that can be exploited even more than daily newspapers. Heals had an ad. written and approved at 11.00 one morning which went out at 6.15 the same evening, promoting a feature in the store the following day. Programmes have been featured from exhibitions, department stores, and shopping centres, offering companies a superb opportunity to create an immediate return in sales. It is able to pinpoint small target groups with specialist demands and interests such as job offers, charity appeals, and one-off sales.

Radio has succeeded despite the lukewarm support of the advertising industry during its formative period. It could have failed, and been unable to deliver the growing audience which appears to have succumbed to the easy familiar programme content. A new captive audience available to those advertisers who can translate the style of their advertising to enable them to benefit from it.

Mr. O'Leary is joint managing director of the Kirkwood Company.

● Over half the adult population in the Radio Tees urban area listen to the commercial station each week, according to an audience survey conducted by RSGB (Research Surveys of Great Britain). The area includes Hartlepool, Middlesborough, Billingham, Stockton, Thornaby, and Darlington. The average number of hours listened is 11.7 and the total adult audience is 207,000. Among listeners aged five to fourteen 58 per cent. listen each week and among women the hours are 13.5. The total survey area—the major part of County Durham, Cleveland and North Yorkshire—has a population of 918,000 adults, 41 per cent. of whom listen an average 10.3 hours a week. The audience among younger listeners is 46 per cent.

U.K. ECONOMIC INDICATORS

		1976			1975	
General	Unit	Apr.	Mar.	Feb.	Apr.	Mar.
Unemployed† ...	'000s	1,281.1	1,254.9	1,340.4	899.7	788.4
Unfilled vacanc's	'000s	119.7	109.0	99.5	173.4	178.4
Currency resrvs.	$bn.	4.848	5.905	7.024	7.132	7.117
Bank advncs. b	£bn.	14.196	14.08	14.317	n.a.	n.a.
Basic materials d	1970=100	284.7	273.7	263.5	222.9	221.4
Manfd. prods. d	1970=100	211.2	208.5	207.3	182.5	179.6
Terms of trade	1970=100	80.2	81.3	81.3	79.1	78.1
Retail prices ...	Jan.'74=100	153.5	150.6	149.8	129.1	124.3
		Mar.	Feb.	Jan.	Mar.	Feb.
Wage rates	July '72=100	206.5	205.1	200.8	161.1	158.9
Retl. sales val.**	1970=100	188.3	189.6	193.2	166.3	166.7
HP debt¶	£m.	2,297	2,296	2,299	2,265	2,284
Indust. output ...	1970=100	101.0	101.6	100.7	103.4	105.0
		1976			1975	
Trade and Industry		Apr.	Mar.	Jan.-Apr.	Apr.	Jan.-Apr.
Cars*	'000s	104p	121	114	114	115
Comm. vehicles*	'000s	29.1p	32.5	31.1	33.3	29.3
Imports f.o.b. ...	£bn.	2.204	1.922	2.019	1.690	1.749
Exports f.o.b. ...	£bn.	1.949	1.906	1.847	1.386	1.494
Visible trade balance	£bn.	−0.255	−0.16	−0.172	−0.304	−0.256
Steel (weekly average)	'000 tonnes	457.4	453.6	438	424.8	471.0
		Mar.	Feb.	Jan.-Mar.	Mar.	Jan.-Mar.
Bricks*	millions	493	424	451.6	386	397
TV sets‡‡	'000s	205	172	184.3	202	246
Radios, radiograms‡‡	'000s	248	414	368	382	356
		Feb.	Jan.	Jan.-Feb.	Feb.	Jan.-Feb.
Cement (weekly average)*	'000 tonnes	282	257	270	[illegible]	296
Man-made fibres*	m. kgs.	52.32	53.33	52.8	42.6	42.39
Houses compltd.¶	'000s	23.2	23.9	23.5	22.1	22.2
Petroleum†	m. tonnes	7.414	7.133	7.27	7.23	7.78
Elec. cookers f	'000s	88.0	62.2	75.1	77.0	78.6
Washing mchns.	'000s	96.2	78.0	83.1	85.9	84.9
		1976	1975			1974
		Jan.	Dec.	Jan.-Dec.	Jan.	Dec.
Furniture†** ...	1970=100	160	149	154.8	149	134
Hosiery**	1970=100	92	79	94	92	83
Engnrg. (orders on hand)** ...	1970=100	97	99	111.3	125	126
		1975			1974	
		Dec.	Nov.	Jan.-Dec.	Dec.	Jan.-Dec.
Raw cotton (weekly av.) ...	'000 metric tonnes	1.70	2.32	2.09	1.91	2.26
Raw wools	m. kilos	9.3	9.7	9.2	7.7	9.4
Machine tools†	£m.	27.3	26.4	25	28.9	20.9
		1976	1975			1974
		1st qtr.	4th qtr.	1st qtr.	Year	Year
Consumer spending	£bn. 1970 values	8,870g	8,804	9,041	35,413	35,607
Motor trade turnover	1972=100	165	133	137	142.2	119.2
		1975			1974	
		4th qtr.	3rd qtr.	Year to date	4th qtr.	Year
Bldg. and civil engineering* c	£bn.	2.958g	3.056	12.017	2.556	10.220

* Production. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally adjusted. †† All manufacturing industries. ‖ Excluding car radios. ‡‡ Deliveries, U.K. made and imported sets. b From May, 1975, onwards new basis of calculation refers to advances to U.K. public and private sector. Historic figures on new basis not available. d Prices. f Including cooker griller toasters. c Value of output. ¶ United Kingdom not seasonally adjusted. g First preliminary estimate. p Provisional figures.

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The Marketing Scene

PIMM'S AND MARTELL

Summer switches

BY PAMELA JUDGE

PIMM'S and Martell are both making singular switches this summer. The former is to hold part of its ad. budget in reserve in case it needs to cash in on a hot spell and the latter is to pre-empt its competitors (it hopes) by advertising the cognac from June onwards as opposed to the more usual September starting date.

Cognac sales were down 15 per cent. last year although Martell's were less affected—the trade drops more peripheral lines in times of recession, according to Mr. Francis Gordon Clark, chairman of Matthew Clark, the shippers. In France the House of Martell was inclined to reduce the ad. budget but Matthew Clark suggested that with the way the market was running it was a time to maintain the level and step up the battle. In order to achieve the extra momentum an increased market share and higher sales are being looked for—it was decided to go for more frequent spaces in the press and magazines.

Through Doyle Dane Bernbach last year's theme of the families who have worked for Martell are still a feature of the campaign. But from June on single pages will replace double-page spreads. The key to advertising in this market is consistency so we would have an added advantage in the earlier start," says Mr. Gordon Clark.

While the consumer is being wooed Mr. Gordon Clark must be giving a message to the trade too—if the £ stabilises at Fr.8.50 there will have to be a price rise because prices paid to the suppliers have not gone up since 1973 and the rate is based on Fr.9 to the £.

"Last year our sales did very well in the long hot summer and if we had had the flexibility when the weather settled in we could have reminded people when they were hot and thirsty" says Alastair Simpson, managing director of Pimm's the gin-based drink. Sales were up 3.6 per cent. on 1974 and are "still up" but "we have found large colour spaces to be a bit of a gamble."

This year, through Haddons, the company has gone for black and white—nearly 100 spaces. About two-thirds of the £100,000 budget is committed but the rest is being held in reserve to give boosts at short notice in "target publications" as and when heat-waves develop.

Pimm's plans for the rest of the year are not affected and the company will continue its programme of sponsorship together with its tasting and party programme.

Advertising on show

PLANS FOR a national exhibition of the history of advertising are under way. A company has been formed called the History of Advertising Trust and a 13-strong committee is to discuss the main aims of the project.

The idea is that there would be studies into the history and development of advertising and marketing, a major exhibition to put advertising into its historical perspective, a history of advertising would be produced and archive material would be catalogued.

It is hoped to stage the exhibition in the last half of 1977 and it is also hoped that the Victoria and Albert Museum might be the venue. The long-term result might be a permanent display of the material.

Making accounts move

BY MICHAEL RINES

KEITH HOLLOWAY, deputy chairman and marketing director of Schweppes should have been acting as question master at a meeting of the IPA Society on Tuesday evening but had to cancel at the last minute. In doing so he missed the flood of etravagant compliments for Schweppes that flowed from the panel of top ad agency bosses.

Panel members Ronnie Kirkwood of the Kirkwood Company, Peter Marsh of Allen Brady and Marsh, Tim Bell, managing director of Saatchi and Saatchi, and John Milton, managing director of Ted Bates, were questioned instead by Peter Mitchell, director and general manager of Johnson and Johnson's consumer products division, about their methods of winning new business. And the flattering references to Schweppes stemmed from the way the company had appointed a new agency for its £1m. mixer drinks account.

As Tim Bell put it, "It was quick, clean, fast and fair. Everyone had exactly the same treatment."

Enthusiasm for Schweppes's methods shown by the panel reflected the concern over the high costs of the sort of elaborate presentations some clients expected, which were made even less tolerable by the length of time some clients took over the decision-making process, and by the fact that some asked excessive numbers of agencies to present.

All the panel members were unhappy that they had to make speculative presentations, but none could se how they could be avoided as long as advertisers wanted them. Tim Bell admitted that if he was a client he would probably ask for a presentation. Milton felt that a sophisticated client familiar with the advertising scene could choose on an agency's reputation, but Ronnie Kirkwood said that even this was dangerous because the personnel who had been responsible for past good work could have left the agency, or the work could have been done by free-lancers or moonlighters.

A plea was made by Kirkwood that the purpose of presentations should be seen as the selection of an agency, and not, as was often the case, the selection of the particular advertising campaign put forward in the presentation. What the advertiser should be doing was selecting the team of people he felt he could best work with, and in fact only one of the campaigns currently being run by his agency was based on the idea put forward at the initial presentation.

In fact, the whole business of acquiring new accounts should be based on establishing personal relationships with prospects. For this reason, media advertising by agencies was largely dismissed by the panel as a marketing weapon for agencies. Marsh, for instance, said that ABM had never used it. And, as Bell added, there were only about 150 accounts likely to be on the loose in any one year and any agency worth its salt should be able to establish some sort of continuing personal contact with them all, whether by phone, letter of face to face. But in spite of this, said Bell, "You very rarely cause people to move their accounts. It's usually something else that does it. You just have to hope you are there when they decide to make the move."

But it is when the presentation stage is reached that it is more important than ever to tailor the agency's efforts to suit the client, said Kirkwood, who disagreed with Marsh's view that it was the agency's own personality that was paramount. "Agency style is irrelevant in the new business situation. You must adjust to each client, which means doing a lot of homework on the lifestyles, backgrounds, and tastes in advertising of those who will make up the advertiser's team."

The importance of the personal relationship was again underlined by the fact that none of the panellists was in favour of establishing new business teams. The client wanted to see the people he would have to work with and would be very disillusioned otherwise. This did impose a lot of strain on personnel however, who were already working on existing accounts. Fortunately, judging by the Kirkwood Company's recent record, it is not necessary to make a lot of presentations to keep growing. In 1975, the agency made only four speculative presentations, but nevertheless put on £2m. in billings, fifty per cent. of which came from existing clients simply giving the agency new brands.

From the client's point of view, a speculative presentation is bound to create an artificial situation. There's nothing to compare with seeing an agency actually at work on another of one's brands. Could that be perhaps one reason why Schweppes made such an expeditious job of selecting an agency for its mixer account? After all, each of the agencies asked to present was already working for at least one Cadbury/Schweppes brand.

Michael Rines is Editor of Marketing.

Trevor Humphries

From left to right: Peter Mitchell, Peter Marsh, Ronnie Kirkwood, Tim Bell and John Milton

NEW PRODUCTS

Greater efforts

BY PETER KRAUSHAR, KRAUSHAR ANDREWS AND EASSIE

There are few real statistics on new product development activity, so it was useful to note from our company's report, "New Products in Grocers 1976," that the number of lines launched last year was the highest on record —7 per cent. higher than in the previous peak year of 1973 and 27 per cent. up on 1974. Yet many of these products were the result of what was in the pipeline before the economic recession and the majority tended to be low investment products, often line extensions, as companies obviously refused to consider high-risk projects. The situation is now likely to change for a number of reasons.

Even if one has to be cautious about the sanguine forecasts being bandied around, the improved cash flows of many packaged goods companies, the declining inflation rates, the likely relaxation of the price code and the forecast improvements in future consumer disposable income all point to a much healthier investment environment as from 1977-78.

The retail situation, particularly in grocery outlets, has an important bearing on the situation. Over the years every book and article on marketing has said that companies should not launch "me-too" products and every year the large majority of new products launched have had little or nothing new about them. Retailers have long threatened that they will not accept such products, but it was really only in 1975 that those threats began to be put in practice. The success of grocery outlets stocking only a limited number of lines and current developments of such stores by Fine Fare and Keymarkets reinforce the need to develop new products which are not direct copies of what is already on the shelves.

The British consumer may be becoming a little less conservative. This is a point which is, of course, impossible to quantify, but the food companies which have done extensive research on soya products agree that they have been surprised by consumers' ready acceptance of what might be considered strange products. In food in particular, once economic expansion is resumed, it is possible that there will at last be a swing to better quality, more interesting food, aided by high ownership of freezers. The popularity of Chinese food, the success of such products as Homepride Cook in Sauce which encourages housewives (and not just ABs) to use wine for cooking, the apparent acceptance of McDonald's in the test areas are all signs that we may be beginning to accept more varied and better quality foods: Mintel research conducted in December 1975/January 1976 also shows the consumer acceptance of many new products including the new category of fabric conditioners, a market which has developed fast in the U.K. after being pioneered by Levers' Comfort, and the even newer market of instant soup products.

Interestingly both fabric conditioners and instant soups were previously successful in the U.S. Cheesecake, with which Birds Eye have been extremely successful, is also a foreign taste, being particularly popular on the Continent. Are our tastes widening more rapidly?

In the context of the new economic situation and possibly changing consumer attitudes, packaged goods companies are preparing themselves for much greater development efforts. In March/April I asked 69 major companies about their intentions; 40 are planning more launches in 1976/77 than in the last two years and 17 are planning the same, while 36 have a higher new product development programme than last year and 22 the same.

In general packaged goods companies are realising that they must catch up on the development that they have not done in the last 2-3 years except for low risk projects. More innovatory products are on their way.

Royds group expands

ROYDS ADVERTISING Group now claims to be the only one "with a truly national network" as a result of Nick Royds taking a controlling interest in the Welsh agency Creighton Griffiths.

Creighton Griffiths Royds, as it is now called, has billings of £1.2m. and its accounts include South Wales Electricity and Christie Tyler. It will continue to operate as an autonomous agency.

Mike Creighton Griffiths is chairman and managing director of the new company. The Royds group now bills £24.5m.

● The Institute of Marketing has just launched a new reference book "The Marketing Year Book."

Prepared and edited for the Institute by Ian Maclean, of IMAC Research, the book is divided into five sections. It covers market data and statistics, marketing services, sources of information, education and training plus details on the Institute.

The 250-page book is available from the IOM, Moor Hall, Cookham, Berks., at £8.50 plus postage and packing.

● Ty-Phoo tea is to have a summer poster campaign—"Ty-Phoo makes a Gnu man of you"—with a stylised Gnu tea-drinker. Starting date June 1.

● ITV ad. revenue in April was £21.7m. compared with £15.6m. in the same month last year.

● Richard Costain and subsidiaries Costain International, Costain Civil Engineering and Costain Construction are new accounts for Graham and Gillies. Achievements in the Middle East are to be featured in the first campaign.

● Press ads., posters covering six counties, bus panels and a TV campaign on Anglia are being used by Bedford brewery Charles Wells to launch a new strong beer Draught Fargo. Agent: Rodway Smith.

● Allen Brady and Marsh has won the £1m. Granada TV Rental advertising account. Force Three Associates of Cambridge, the previous agency, and one other pitched for the account.

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THURSDAY, MAY 20, 1976

Local finance reviewed

IT WAS absurd that the reorganisation of local government should have been carried through without a simultaneous review of the financing of local government expenditure and entirely natural that Mr. Crosland should have set up the Layfield Committee in mid-1974. Although the immediate cause of his decision may have been the strain on the rating system caused by reorganisation, inflation, and a series of *ad hoc* Government decisions about the distribution of grants, this strain was only an extreme manifestation of a fundamentally unsatisfactory state of affairs.

The Government, which now finances two-thirds of local expenditure through grants, feels that it is insufficiently able to control this expenditure when restraint is needed. Local authorities, on the other hand, feel that the great bulk of the services they provide are a result of central Government decisions and that their scope for holding back expenditure is therefore limited. There is obviously a basic misunderstanding here. It is compounded by the fact that although successive Governments have paid lip-service to the desirability of greater autonomy for local authorities, the proportion of their expenditure financed by grant has steadily risen.

Either/or

There is room for argument about the significance of this rise. It may be that the decreasing importance of rates as a source of revenue has weakened local independence and responsibility; it may equally be that the central Government's insistence on raising the quality of services provided through local authorities and reluctance to hurt the domestic rate-payer has made an increase in the proportionate importance of the grant inevitable. The majority of the Committee, however, sticking firmly to the sensible principle that those responsible for deciding on the level of service should also be responsible for raising the necessary revenue, conclude that either the bulk of local services should be provided by a decision of central Government and therefore be grant-financed or that there should be a major shift towards greater local autonomy, in which case much more finance should be raised locally.

They would keep on the rates, though based on capital values rather than highly-artificial assumed rental values, but would also introduce a local income tax, which would be collected with ordinary income tax in the form of a surcharge which each major spending authority would determine for itself. The trouble, given the politics of local government in this country, is that a change in the level of rates is often not an important political factor and that a local income tax collected through PAYE might have less impact still on the average voter. What is more, the Committee seems to draw an unrealistically hard line between central and local government responsibility for spending.

Minimum standards

As Professor Day points out in a note of reservation, there is a range of intermediate possibilities between these extremes and it is necessary to consider the conditions under which a compromise could work more successfully than in the past. The central Government is bound to be totally responsible for the level of some local services and partially for others: its responsibility for financing them should correspond.

What is primarily needed, as Professor Cameron as well as Professor Day maintain, is a system of minimum standards clearly laid down for the provision of particular services: this, though difficult to devise, would not only clarify responsibility for financing these services but could be developed into a check on the efficiency with which different authorities operate. Given such a system, there is no reason why the proportionate size of the block grant should not be reduced—it would be chiefly needed for equalising the ability of different authorities to provide basic services at the agreed level—and some such new form of revenue as a local income tax introduced, especially since this would make it possible to reduce the burden of rates on companies. But the first thing is for the Treasury and local Treasurers to clear up between them who is responsible for demanding such and such a level of particular services and should therefore be responsible for their financing.

Lessons of the Cyprus affair

THE REPORT of the Select Committee on Cyprus is in many ways a telling indictment of Mr. James Callaghan's handling of British foreign policy during a particularly difficult period: it is also naive. The central point at issue is whether or not the British Government should have intervened militarily in the Cyprus crisis of July-August 1974. The Government said that it had neither the obligation nor the capacity to do so. All but one of the six-member committee say the opposite.

Desirable

That Britain had the *right* to intervene there can be no doubt whatsoever. On July 15, 1974, there was a coup against President Makarios which, all the evidence suggests, was at least partially backed by the Greek military junta in Athens. Turkey proposed a joint Anglo-Turkish intervention, but the British Government refused. The Select Committee has a very good case for saying that, at that stage, British intervention, whether unilaterally or with the Turks, was not only feasible, but desirable.

The foreseeable consequence of the British refusal was the Turkish invasion of Cyprus: the much less foreseeable consequence was that the invasion led in turn to the collapse of the Greek junta and the return of Mr. Karamanlis. Mr. Callaghan called a conference of the three guarantor powers in Geneva which succeeded in negotiating a ceasefire. A second Geneva conference a few weeks later, however, broke down and was immediately followed by a resumption of Turkish military action.

Where the Select Committee is wrong is insisting that Britain, even then, still had the obligation and the capability to stop it. Mr. Callaghan may have exaggerated slightly when he told the Committee in evidence that such an attempt would have meant war between Britain and Turkey, but it would certainly have led to a very serious situation within NATO.

Mr. Callaghan did not present his case very well. It was clear from what he said at the time that he underestimated the Turks, that he was making threats which he could not carry out and that he had not understood the limitations imposed on British forces which had been allocated to the UN. His performance before the Select Committee in February this year was even worse.

Incalculable

Yet in the end it was a matter of political judgment. Mr. Callaghan fumbled, but he fumbled in the right direction and his fumbling was a positive virtue compared to the moral certainties of the Select Committee. "What really matters," it says in its conclusion, "is that Cyprus is a test of Britain's standing in the world." For that vague phrase, it would have risked war with Turkey with incalculable consequences for the southern flank of Nato and without the slightest assurance that the outcome would have improved the lot of the people of Cyprus.

Two final points may be made. One is that the Nato machinery for dealing with crises which involve disputes between member States ought to be improved. The second is that judging by the standards of the majority of the Select Committee on Cyprus, Mr Callaghan is ahead of his time.

The Layfield report offers awkward choices for sorting out the muddle of local finance. **Colin Jones** reports.

Layfield: Prefect or councillor

ONE can well imagine Ministers saying to Mr. Frank Layfield and his colleagues when they sent in their report on local government finance earlier this year: "Thank you very much. How very interesting"—and then quietly consigning the committee's work to the thickets Whitehall reserves for reports which, while useful for their analysis of a problem, are much too awkward politically.

This does not mean that the Layfield committee has not come up with a series of sensible minor recommendations which will no doubt be implemented in the course of time. But it has posed, as its central conclusion, a choice between two alternatives—between, on the one hand, greater autonomy for local government and, on the other, a more formalised system of central control—which no government is likely to want to take in a hurry.

In the first place, the Layfield report cuts right across the debate about Scottish and Welsh devolution. Ministers can hardly be expected to decide whether to grant more autonomy to local government—and, with it, a broader tax base including the power to tax local incomes as well as local property—until the question has been settled of how much governmental power should be devolved in Scotland and Wales.

Indeed, the Layfield report has probably changed the character of this debate. For the committee's contribution that could well have the greatest longer-term consequence lies in its finding that a local income-tax, levied by the main spending authorities as a surcharge on their residents' national income-tax payments, is administratively feasible. Irrespective of whether such a surcharge would be desirable, it is no longer possible to argue that it cannot be done, albeit at some considerable cost both to the Revenue authorities and to employers, principally — it would seem — because of a change of mind at the Inland Revenue during a fairly late stage of the Layfield committee's deliberations.

This gift to the Scottish Nationalist Party (SNP) is not all. Layfield also presents a polarisation between two possible sets of financial structures for local government, one predominantly centralist in nature, the other predominantly localist with no possibility—the committee argues—of some kind of viable middle way between the two.

Yet can one really see Ministers, who have been publicly warning of the need for several more years of extremely tight restraint on total public expenditure and who have been complaining bitterly about local spending "running out of control," summoning up the political will to grant local councillors greater autonomy in their expenditure, and being prepared to trust them not to abuse the freedom?

Alternatively, is it likely at a time of pressure for less remoteness in governmental decision-taking that the government would want to cease paying lip service to the tradition of local autonomy and ask Parliament for power to impose a system of central control over local spending which to some extent as it is described in the Layfield report, seems almost akin to the French prefectorial system?

The cynic would doubtless suggest that this stark choice between a predominantly centralist and a predominantly localist structure may stem from the desire of a substantial body of opinion within the committee to see the localist solution emerge on top. But the fairer minded would accept that it appears to emerge quite logically from the committee's analysis of what is wrong with the present system.

Ratepayers may complain about the size of recent increases of their local rates bills. Local councils complain that most of the growth in their spending in recent years has resulted from new legislation and from pressure for better services and improved standards by Whitehall circular, and Treasury officials talk about local government spending as the Achilles heel of central control over aggregate public spending.

According to Layfield, these complaints are all equally valid. For the present structure of control is a total muddle, having just growed like Topsy over many decades and resulting in a total lack of clear financial accountability for £15bn. a year, which is now being spent by local councils. The confusion has come about as a result of huge growth in the range and quality of local services not merely over the last 20 years, but ever since mid-Victorian times.

Central government involvement has steadily grown, not merely because of the political pressure for a wider measure of uniform—or at least minimum—national standards, but also because the burden of expenditure falling upon local authorities has steadily outgrown the conventional view of the capacity of the rating system. Government grants, which were first introduced for law and order services in the 1840s and on a much wider and more systematic basis in the 1870's, have been financing a steadily larger proportion of the total.

Local government to-day is absorbing 18-19 per cent. of the Gross National Product, and household rates—which are paid only by some local voters—finance barely a tenth of total local spending. As Layfield comments, "the true cost of the expansion of local government services has been no more apparent to the public than to local councillors." As the grant percentage grows, so does the gearing effect of sudden changes in grant distribution between authorities, as was seen in 1974 especially. And the creation of a two-tier structure virtually throughout the country has made it even more difficult for the ratepayer to know how much he is paying to which authority and for what service. Perhaps the most forceful illustration of the present state of confusion is the failure of Layfield's attempt to find out just how much local spending is mandatory, and how much is discretionary or even to discover where the boundary lies between the two.

As things are now, a continuing element of confusion is probably unavoidable. If finance had not been excluded from consideration at the time of the recent reorganisation of local goverment, we might have had a better chance of deciding how much real governmental power should devolve upon local authorities, and decisions about structure and finance would have logically followed. These issues are not only constitutional and political. They are also managerial: at what level are decisions best taken? And if local autonomy is inappropriate, should there still be a measure of managerial decentralisation? Nor should economic considerations be ignored. With local spending now absorbing almost a fifth of the national income, should there not be more effective mechanisms to enable local spending to respond more readily to changes of external circumstances, and should not there also be more powerful mechanisms to encourage efficiency and to test the value of what is being provided as a result of so much expenditure on so many non-commercial and unmarketed local services.

For all Layfield's arguments, it is difficult to be convinced that the localist structure, which a substantial body of opinion within the committee prefers, would either meet all these requirements or be demonstrably better than the present system. It would appear to offer a clearer basis for accountability, but it would not be real. As the committee acknowledges, there would still be a substantial element, in a localist structure, of central involvement and central control. Would Ministers and MPs ignore public pressure for new services or for better standards and would constituents turn to their councillors for help rather than their MPs? What is more likely is that Westminster would still want to concern itself with priorities as between sectors of public spending, irrespective of whether some sectors were a local responsibility, and both Westminster and Whitehall would certainly remain sensitive to aggregate local spending.

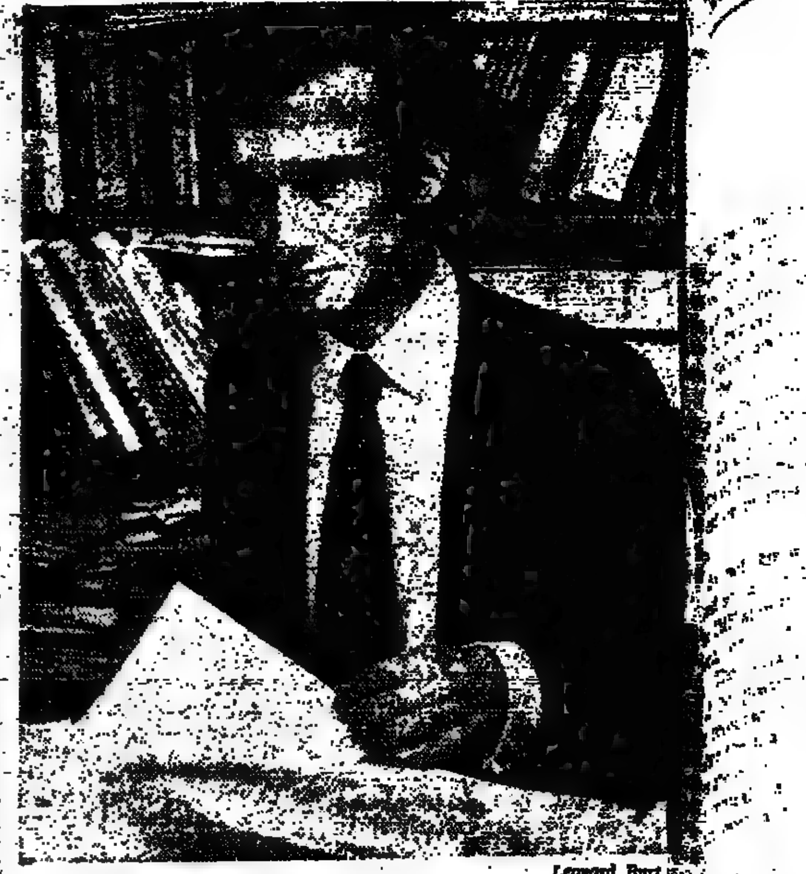
Can one rely, moreover, on the discipline of the local vote as a way of ensuring accountability? The party political balance in some areas is such that almost half the 520 odd local councils are unlikely ever to change hands at an election. Would changes in the rate of local income tax, levied as a surcharge through the PAYE system, be more perceptible to the voter than changes in the local property rate? (For that matter, if accountability to the voters is the criterion, should not the business rate be abolished?)

If a localist structure would thus offer only the illusion of a clearer basis for financial accountability, is there not a case for trying to evolve some kind of middle-way which would broadly approximate to the present mix of responsibilities, which would entail less radical an upheaval, and which, therefore, might be more politically realistic? The Committee—with Professors Alan Day of the London School of Economics and Gordon Cameron of Glasgow University dissenting — think not, principally on grounds of practicality.

A vertical separation of central and local responsibilities, with some local services becoming wholly or largely centrally-financed but remaining locally managed while the remainder become a local charge, does not take one very far, it is true. There are few services where local expenditure is entirely mandatory, or where the element of local discretion is very small. For most services responsibility is joint, and would have to proceed, therefore, as Professors Day and Cameron argue, on the basis of a horizontal split, with the centre being responsible for financing the provision of an acceptable national minimum standard of service, and local taxation paying for the extra margin of local discretionary spending. In some services, the central contribution could be relatively high. Certainly, if the kind of problem that New York has been facing is to be avoided, expenditure on services or transfer payments designed to produce a less uneven distribution of income ought to be predominantly a central charge. In other services, the central contribution could be relatively small.

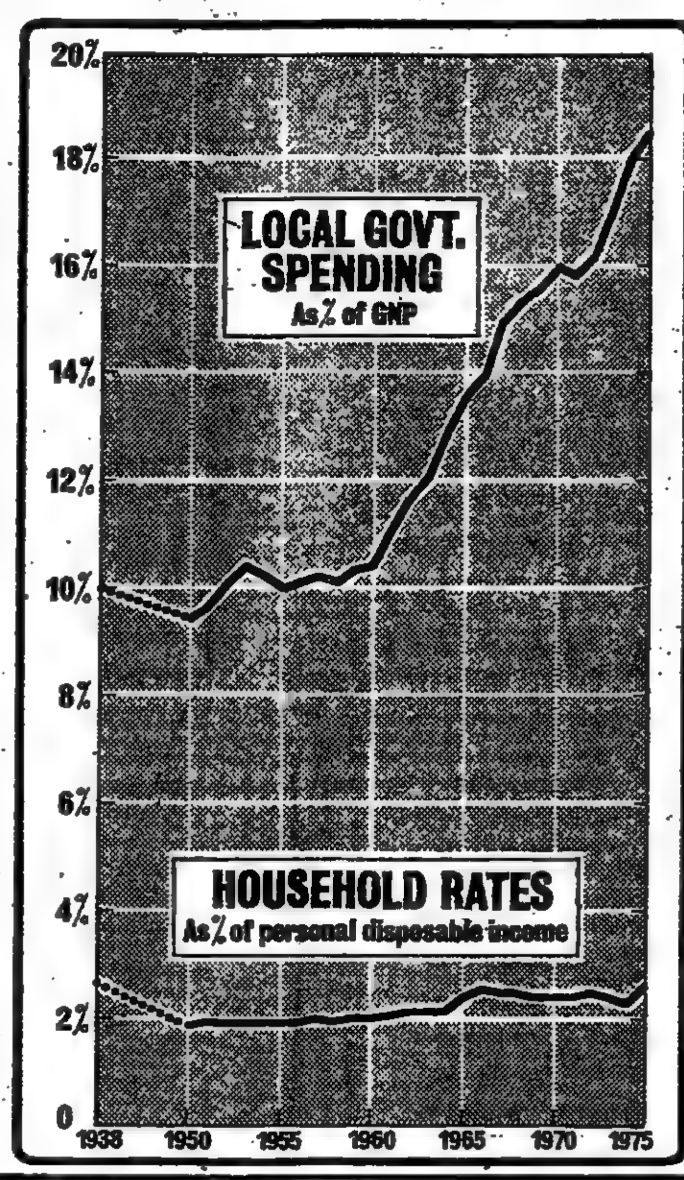
The majority of the committee argue that defining national minimum standards is not feasible at present, and so reject this way out. But if there were to be an administrative requirement for such standards and a real administrative drive to evolve them, could not something be done? Certainly, the problems seem no more formidable than those which at one time seemed to face the idea of a local income tax.

Indeed, is there not a requirement for defined minimum standards as a more realistic basis for grant distribution under either a localist or a centralist structure? Above all, is there not an overwhelming requirement for standards to be defined and thus for outputs to be measured, and performance by different local authorities to be compared, so that voters at elections to all tiers of government can see whether the 18-19 per cent. of the national income which is now being spent by local councils is being sensibly and efficiently used on their behalf?



Leonard Burt

He pressed for a "middle way" in his note of reservation to the report: Professor Alan Day at the London School of Economics.



MEN AND MATTERS

Blocking Coopers

A fine political dust-up has developed in the Greater London Council which boils down to the question of whether accountancy firms are really essential businesses needing big offices in the central area. Even though several other leading partnerships have recently moved into new blocks to accommodate expanding staffs (Peat Marwick Mitchell, the largest of all, will take over the Puddle Dock development above Blackfriars station at the end of this month) Coopers and Lybrand has fallen afoul of the planners.

Coopers' existing head office is in Gutter Lane in the City, and the firm has an Office Development Permit from the Government which it wants to use in respect of a Woolworths office and shop development on an adjacent site. Coopers, probably about the fourth largest U.K. accountancy group with some 1,300 London-based employees, explained yesterday that it required 39,000 square feet of new accommodation because its staff was increasing "at a tremendous rate."

But the GLC planning committee has rejected the scheme, partly on the grounds that it ran counter to the council's overall policy on office development. This in turn has riled the Conservative opposition in the GLC, whose planning spokesman, Shelagh Roberts, described the committee decision as "sheer lunacy based on ignorance."

It is the sort of issue likely to open up the usual old wounds between the Labour-controlled GLC and the City community about what can and should be allowed in the Square Mile. Miss Roberts said the committee had reached the conclusion that accountancy was "not a key City activity but a support or ancillary service."

She added that Coopers "perform a major role in the business life of the City of London where many of its major clients are located, providing services to them and to the traditional City institutions. Although it has always been the deliberate policy of the firm to open offices in the main provincial centres at the same time it is essential that the firm should be allowed to expand its practice in the City and continue to provide services and advice to its institutions."

Next Tuesday the GLC Tories *will* raise the issue at a full council meeting. The chances of overturning the planning committee ruling look slim, though Miss Roberts recalled that Labour has managed "several *volte faces* recently" on key planning matters.

Name calling

Mention of Coopers and Lybrand and its Gutter Lane office recalls the presumably apocryphal tale that when still Cooper Brothers, the firm wrote asking the City Corporation to consider changing the street name to Cooper Lane. To which the reply was, had Cooper Brothers thought of becoming Gutter Brothers? . . . . . .

"I think they are beginning to over-react."

A Ford view

Emhart Corporation of Connecticut is the latest U.S. group to seek a listing for its stock on the London Stock Exchange, and the occasion is one which brings considerable personal satisfaction to the group's 54-year-old president T. Mitchell Ford. A confessed anglophile, Ford served in the U.K. during the war with the OSS as a civilian cartographer, and married in the Harvard Chapel at Southwark Cathedral.

The decision to get the company quoted in London crystalised rapidly as a result of a reverse takeover in the U.S. by Emhart of U.S.M. Corporation. That deal, which was finally completed at the beginning of this month brought Emhart a substantial U.K. interest, since USM employs around 8,000 people in this country through subsidiary and associated companies which include British United Shoe Machinery, Tucker Fastener, and Bostik.

Ford is pleased that the London quote comes at a time when, in his view, the U.K. is beginning to get its economy back into shape. (Although he is quick to stress that the London listing was by no means dependent on success of the counter-inflation policy. "We look at the long range future," he said yesterday, "and we don't go jumping around the world on short term economic considerations.")

Emhart's traditional business falls into three main groupings, builders' hardware which is defined to include a wide range of locks, plus fire and smoke protection systems; machinery used in the manufacture of glass, packaging and gear shaping; and a shopfitting business. Eventually the group plans to use some of USM's production capacity in the U.K. to compete in some of these areas here.

Muscles bound

How do the Germans always manage to look so robustly healthy? One hint is found on woodland walks when you encounter a blue sign saying "Keep fit—now do 20 press ups," followed by similar suggestions at intervals down the path. After much initial scorn the FT Bonn office found that such circuit training for the citizen had a remarkable effect on productivity.

Now Lufthansa reveals that it will bring PT to its airliners. Together with the German sports federation it has developed fitness courses that will be relayed over the piped-sound systems of its DC10s and Jumbo jets. Luckily for fellow travellers no limb movements are involved: the exercises are based on the isometric routines developed for American astronauts.

So if after three hours in the air your fellow traveller begins to shudder and sweat with a look of intense concentration on his face, fear not. He is only being a good German airline passenger.

Valuable

How about this for a balanced investment judgment from a leading firm of stockbrokers giving their views on London Brick shares? Their conclusion states: "LBC looks good value, but since our view is that the sector is likely to underperform the market, LBC is unlikely to be a 'good performer.' It is however a sound buy for those who do not share our view of the sector."

Observer

ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

A better way of managing sterling

IN THE two months of March and April the British authorities admitted to a loss of foreign exchange reserves of $2.2bn. or nearly 31 per cent. of the total. If net public sector borrowing under the exchange cover scheme is included, the total support given comes to nearly $2.8bn. In other words, nearly two-fifths of the official reserves were lost or mortgaged in two months.

We do not know what has happened so far in May except that the IMF standby of $0.8bn. has been, or is about to be drawn. The Chancellor will avoid if he possibly can any further recourse to the Fund until after the main union conferences are out of the way and rely on central bank swaps to take him over any short-term trouble.

Yet despite this very large expenditure in support, the effective sterling exchange rate has fallen by over 11 per cent. —which means that the price of foreign currency, which is more closely related to import prices, has risen by nearly 13 per cent.

In these circumstances there is naturally a great deal of criticism of the way the foreign exchange market has been managed. Naturally every sort of rumour is flying around. Normally well informed overseas bankers suspect that, despite the reserve losses, the British Government has been trying deliberately to get the rate down. At the other extreme are the critics who suppose that the entire fall since February has been a British defeat.

The traditional belief in obscurity and contradiction in official statements on exchange rate matters has long outlived its value. It is simply not enough for the Chancellor just to deny that the fall in sterling was engineered. Such denials do not fit well with other official statements, such as the Letter of Application to the IMF, which indicates a determination to maintain the "competitive position of U.K. manufacturers in world markets."

It is quite true that authorities do not sell sterling on a falling market. There is no need to do so. All they have to do to bring about a fall in the rate is to avoid supporting sterling when it goes down, and to sell it when the rate is moving up.

The fact is that at the beginning of March the predominant school in Whitehall did want to get the sterling rate down. It had fluctuated at around the same level since November; and with inflation still proceeding faster in Britain than in other industrial countries, our economic managers were becoming worried.

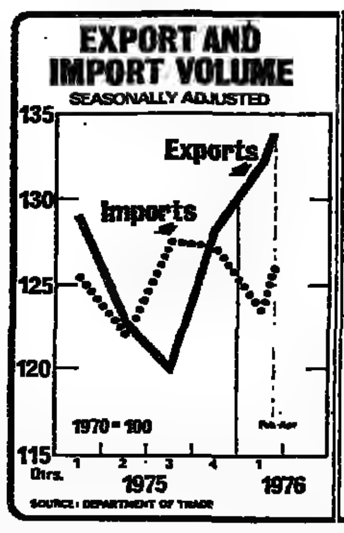
Panic signals

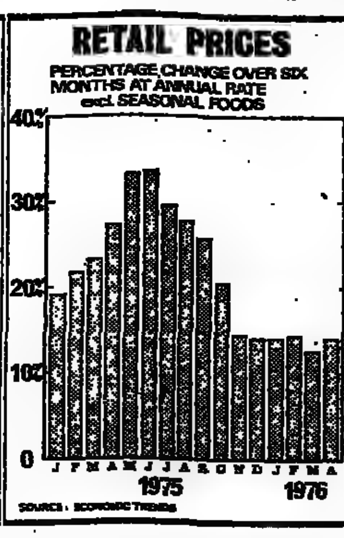
It was therefore not surprising that when sterling showed panic signs of rising appreciably above $2 on the now famous morning on Thursday, March 4, the Bank of England was a noticeable seller of sterling—by up to £100m on some estimates. The sterling rate dropped sharply the same afternoon, because of a larger-than-expected reaction to official tactics or because a reversal was in any case due, or for both reasons. But by then it was too late to stop a fall in the Minimum Lending Rate on the Friday without sending out panic signals to the discount market. The combination of the intervention and the MLR drop gave an exaggerated impression of how far down the Government wanted the rate to go. The downward movement gained a momentum which carried on for another two-and-a-half months.

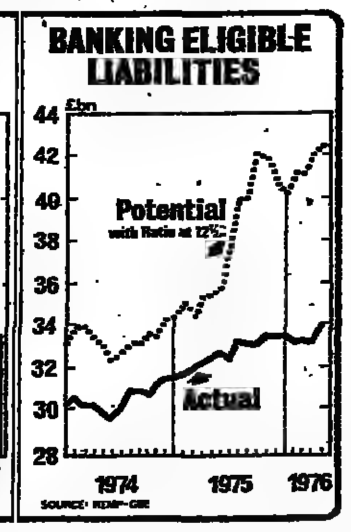
The March fall to just above $1.90 was in accordance with Government economic strategy; but reserves had to be used to prevent it going further. The subsequent April fall towards $1.80 was certainly unplanned and undesired. It is generally attributed to the foreign exchange market's unfamiliarity with the stately minuet which Labour Ministers were preparing to dance with their TUC friends and the market's simple-minded Budget call for a 3 per cent. wage limit really did mean 3 per cent.

Some at least of the alarm expressed by Ministers during the April drop in sterling was genuine—although it had the side effect of hustling the TUC towards agreement much earlier than that body originally intended. Indeed, by the end, the minuet had degenerated into one of Mahler's more frenzied scherzos. With the incomes policy piece of paper delivered to Mr. Healey and endorsement in the bag, there is now a strong potential for recovery in sterling.

Meanwhile, a notable attempt has been made in Vol. 8 No. 2 of Mr. Christopher Story's *International Currency Review** to quantify the losses made by the authorities in misplaced attempts to manage the foreign exchange market. The Review has tabulated all sales of reserves and public sector dollar borrowing to support sterling in 1974 and 1975. Interest on the pounds purchased was accumulated at the inter-bank rate; and the resulting sterling investments as they stood in March, 1976, were converted into dollars. Their total value was then compared with the alternative of investing the dollars at three month Euro-dollar rates. The result of the comparison was a cumulative loss of $995m., which has almost certainly increased substantially as a result of this year's heavy support operations.







One difficulty about this hypothetical calculation is that the authorities did not try in 1974-1975 to even out market fluctuations. They deliberately chose to run a payments deficit to maintain consumption in the mid-70s on the basis of the hoped-for oil rich years at the end of the decade.

One can sympathise with the *International Currency Review* doubt whether the Treasury and Bank should have acted as "loan agents for the whole U.K. population." If the international business community really believed in the North Sea prospect, there would have been ample private lending to the U.K. Nevertheless, one would still like to measure the authorities' technical success in smoothing out currency fluctuations' separately from the political decision about how large a deliberate deficit to run.

It ought to be possible to do this for the future in a way which will assign clear and measurable responsibilities. My suggestion would be that the Government should announce the size of the overseas deficit it is prepared to incur before North Sea oil begins to flow in a big way in, say, 1979. The National Institute estimates of a permissible current payments deficit of £2bn. in both 1976 and 1977, dropping to £0.7bn. in 1978, would be a starting point.

The authorities would make clear they would be prepared to support the foreign exchange market from the reserves or by borrowing, to the extent of these amounts. The announced intervention could either be a commitment or a maximum—there are many variants of this scheme. But the support would be in terms of an amount of dollars committed and would not be intended to bolster any particular exchange rate. This is a novel concept for people who still think in fixed exchange rate terms. The underlying idea is that it is not possible to forecast comparative international inflation speeds and all the other myriad factors which determine the appropriate exchange rate. But it may be possible to quantify the amount of dollars available to finance deficits for a period ahead.

There need be nothing secretive about the arrangement. It would be open to the authorities to meet any unexpected withdrawal of sterling balances by increasing the intended overseas deficit, and they might seek international finance for the purpose. Indeed, the stated target or maximum deficit could be changed at any time. But any Bank of England intervention, over and above the planned financing, should be temporary, self-reversing and designed to make a profit.

Few of those near the driving seat would dispute that the needed downward adjustment in sterling earlier this year would have taken place more smoothly if the authorities had left the market to its own devices, a course which would also have avoided charges of bad faith by overseas Finance Ministers. But if the authorities are determined to intervene, they should do so with clear-cut aims and definite criteria for judging success or failure. One of the main troubles with British economic policy is that clear-cut objectives are not assigned to particular agencies; but everyone is supposed to be responsible for everything. This means that no one is accountable for anything in particular.

* * *

Contrary to the popular view the April trade figures were good rather than bad—even without making any allowance for so-called "special factors." *The current deficit between* February and April averaged £155m., compared with £265m. in November-January, which itself represente. a notable decline on earlier quarters.

But much more important are the volume indices. Export volume rose by 4 per cent. in the February-April quarter, equivalent to an annual expansion rate of 17 per cent.

Although exports have never been more profitable, the CBI has had to make diplomatic efforts to prevent industrialists from denouncing sterling depreciation as bad for business. Imports would have to amount to more than 100 per cent. of total costs instead of a third for this to be so.

What is true is that without the cordon of price control there would be a tendency for home prices to rise towards export levels, thus boosting home profitability. If the controls were removed rather than relaxed, and placed with dividend and exchange controls on one bonfire, we could expect a large inflow of capital to the U.K., which is now one of the cheapest places in the world in which to manufacture. In the unlikely event of this happening, we could begin to talk of a real economic miracle instead of a fool's paradise.

An example of the latter is the way in which fresh so-called falls in the inflation rate are still being celebrated because of the bad habit of making comparisons with a year ago. As the chart shows, the inflation rate, measured over six months, has been on a plateau of 13½ per cent. since November. Because of sterling depreciation the inflation rate measured in this way could jerk up temporarily towards 16 or 17 per cent. later this year because of *the recent exceptional depreciation.*

Basically much more worrying is the large cushion of unused reserves in the banking system, which could, as the right hand chart shows, boost money supply by many billions of pounds once private loan demand begins to turn upwards. This is over and above any possible effect of Government borrowing. At some stage we will require a reduction of the Budget deficit and/or a sharp rise in nominal interest rates, probably both. If I thought that our economic managers were prepared to face this prospect, instead of acting reluctantly, cosmetically and too late, I would be less pessimistic than I am about the 1977-78 prospect.

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Letters to the Editor

Muddled VAT figures

From The Editor, Retail Jeweller.

Sir,—You report (May 18, Page 40) that the retail sales volume has grown by 2½ per cent., but the report is based on preliminary figures from the Department of Industry which are misleading.

The statistics quoted on the volume of trade are based on the estimated value of turnover in various retail trades, using figures supplied by a representative number of companies in each of these trades. But the figures used by the Department of Industry are *inclusive* of value added tax, and it is therefore misleading to compare figures for one month with those of the corresponding month a year earlier in those industries where the rate of value added tax has been altered. In those trades involved in selling goods at the higher tax rate the actual volume of sales must show a greater increase than those quoted in order for the value of sales to have increased if the tax element in these figures has halved.

The misleading inclusion of VAT in the official figures first came to my attention just over *a month ago when I raised* the matter with the Department of Industry Press office. At first, nobody was sure if VAT was included in the figures, but a subsequent reply brought the news that even the statistician responsible for the figures had not been certain, and had had to check. I was eventually assured that VAT is included in the value of sales which are used to compile these statistics.

The picture was clouded a few days later, however, when I met a retail jeweller whose turnover was used by the Department of Industry when compiling their statistics. He assured me that as a tax-inclusive figure would be misleading he always submitted turnover figures from which VAT had already been deducted.

I wonder how other retailers submit their statistics and how many Government officials who draw conclusions from these figures are aware that VAT is officially included?

John Goodall.
Northwood House,
93-99, Goswell Road, E.C.1.

Business and the Tories

From Mr. G. Tipping.

Sir,—As a matter of enlightened self-interest, all those seriously engaged in the management of industry and commerce should support the Tory party, if only because it is the *Party with a tradition and policy* not to destroy the private enterprise system. This somewhat negative endorsement probably sums up the present state of electoral cynicism among those who will go on supporting the Tory party to the end of their days.

One must therefore agree with Mr. G. Young (May 13) in his strictures concerning the continued failure of the Conservative party in Parliament to fight tooth and nail for the interests of its own supporters. In normal circumstances open advocacy of the interests of a particular section of the community might be regarded as unethical for a party pledged to the cause of the nation as a whole. Unfortunately, this kind of traditional attitude is completely useless when one is dealing with an antagonist who makes a virtue rather than a secret out of its total dedication to the "other half," namely those whose votes it is reasonably certain of, not only historically, but by the very name of Labour party.

Like Mr. Young and, no doubt, a large section of the business community, I was therefore piqued by Mr. Geoffrey Rippon's recent assertions regarding the pusillanimity of the business community in unfurling its political flag. The trouble is the faults are on both sides.

I would attribute two equally important reasons for the development of a situation where more than 50 per cent. of the national economy has now slipped into the hands of Governmental agencies with no dedication to the profit motive. Firstly, there is the failure of the Tory political leaders and *top level business to work together* in mutual interest but, is there not another cause for what basically is a political failure? I refer to the level of experience, and intellectual calibre of the rank and file Conservative Parliamentary representatives. By and large, whatever the enormities of the Left it has to be admitted that the Socialist party draws deeply on its bank account, that is, in terms of what ability is available to it. Can this be said about the Tories?

I would hazard an opinion that, with a few notable exceptions, the middle-class managerial element in our society does not get the MPs it deserves. This is not wholly a criticism of the individuals who have either the leisure time or the inclination to put up as Tory candidates. It is more attributable to the hard fact that the majority of company directors and managers are far too busy earning their living, unaided by welfare, and looking after the affairs of their businesses to be able to engage in politics, certainly at the Parliamentary level.

G. H. Tipping.
Weston Cottage,
6 Claremont Drive,
Esher, Surrey.

Investment decisions

From Mr. T. Sutton.

Sir,—Although I have no quarrel with the conclusion of the report "Business Investment Decisions under Inflation" by Carsberg and Hope (reviewed by Michael Blanden April 30), that companies appear to be appraising possible investment incorrectly by applying money discount rates to estimated cash flows expressed in constant prices, they spoil their own argument by proposing a discount rate which, at 1-4 per cent. in real terms, is far too low for the "average firm" to consider as a cut-off rate for investment appraisal. I suggest there are *at least four reasons for this.*

It is wrong to assume that the real return equity holders actually received in the late 1960s/early 1970s offers a guide to the real return shareholders currently expect from their equity investments. In fact, equity investors could still be seeking the 6-8 per cent. real post-tax return they achieved in the 20 years to 1966.

Carsberg and Hope ignore the effect of dividend restraint in their calculation of the returns shareholders have received in recent years. Measures to limit the increase in *dividends have* been in force for seven out of the past ten years and, unless companies could find opportunities for the funds which they were forced to retain which were as profitable and of the same risk as the investments their shareholders had to forgo, the returns to equity would perforce be depressed. Clearly, however, companies cannot rely on the continued operation of dividend controls to hold down the returns their shareholders expect.

Because of the tax changes in the past five years, in particular the more generous capital allowances and the introduction of stock relief, the tax benefits of debt capital have been deferred. For many U.K. companies, therefore, the pre- and post-tax costs of debt will be the same in the short term.

In calculating the weighted average cost of capital, it is the company's target, not its historical gearing ratio which will determine the weights to be applied to the cost of its debt and equity respectively. There are many companies which will be looking for a reduction in the debt proportion of the capital they employ, *as their cash position improves* with the upturn in the U.K economy.

For these reasons, the real post-tax cost of capital of the average U.K. company and therefore the cut-off rate it uses when appraising capital projects will be higher than the 1-4 per cent. suggested by the authors and may now lie in the 5-8 per cent. range.

T. G. Sutton.
42, Westpoint, Shortlands Grove,
Bromley, Kent.

Ministers and mandarins

From Mr. C. Morton.

Sir,—Peter Hennessy's article "The Ministers and the Mandarins" (May 10) outlines part of the problem — the giving of advice — without commenting on the poor execution of sound policies, for which we, as a nation have paid dearly over *the past 30 years.* Mr. Tugendhat's letter (May 13) pinpoints—I suspect unintentionally—the lifeline available to Ministers, if they have the courage to grasp it.

It is possible that Lord Barber was the victim of unsound advice, but his financial policies were severely criticised by many who accurately foretold the results if the proposals were pursued. This is the lifeline available to a Minister, who in the light of outside comments should re-assess the validity of advice tendered and amend as desirable. Future advice from the same source would obviously have to be treated circumspectly, as the differences were not based on hindsight.

I regret, however, that sound policies often fail, or become prohibitively expensive, through plain mismanagement. Major shortfalls are not infrequently highlighted in the Press, but many of us notice lesser ones, which in aggregate result in vastly wasteful expenditure.

As a less-well-off nation these days, we just cannot afford mismanagement of any type and the only way to eradicate it is by clearly apportioning responsibility. Those who have blundered seriously must pay the penalty in the same way as, regretfully, failure is dealt with in commercial enterprises. This may reduce the attractions of both politics and the civil service, but it will save tax-payers' funds being wasted, and doubtless improve the nation's wealth.

C. P. Morton and Associates,
142, Arkwrights, Harlow, Essex.

Debatably palatable

From The Managing Director
Joseph Barber and Co.

Sir,—Regarding Mr. Clayton's letter (May 15) we blend and bottle Scotch whiskies for the brand owners. While in our experience it is true that a good blend is of the order of 40 per cent. malts to 60 per cent. grain —better still a 50/50 blend but this becomes expensive—nevertheless most blends are of the order of 30 per cent. malts to 70 per cent. grain though we have certainly known them of 15 per cent. malts to 85 per cent. grain. I do not know what Mr. Clayton means by "innocuous" but some of the cut-price whiskies on sale to-day would appear to have an even higher grain content but, while certainly innocuous (as for that matter would be a 95 per cent. grain blend), it is debatable as to just how palatable they are.

P. H. H. Spencer-Cooper,
12, America Square, E.C.3.

Do a bit of marketing

From Mr. R. Ramsden.

Sir,—Some weeks ago I was discussing our country's present economic difficulties with an economist friend, and he believes that all our troubles stem from overmanning caused by trades unions' resistance to increased productivity by use of modern methods. This is a popular belief, and of course it is perfectly right to say that no trade unionist is going to see a mate join the dole queue without a struggle. I believe, however, that economists and others who run the country should have a rethink, with, perhaps, a modern outlook of their own.

What does "increased productivity" mean? We have had the phrase bandied about for years, and one Government even wanted to peg wages to it. It certainly does not mean that if it took ten men to produce X last year, then it should only take nine men to produce X this year. It means that if it took 25m. people to produce X last year, then 25m. people must produce X plus this year. It seems to be a forgotten fact that we can only exist by barter in exactly the same way as we did many years ago. It is certainly no use printing money or borrowing. We must *produce and sell.*

We need increased production from our national sales staff. We also need *more foresight in* business. Added to the increased productivity of our labour force, there must be a decreased ratio of non-productive staff to productive staff by full use of computers and modern filing and other business methods.

But most of all, Government and industrialists must get off their backsides and do a bit of marketing.

R. T. Ramsden.
13, Millfield Walk,
Hemel Hempstead,
Hertfordshire.

Too many new laws

From Mr. W. Richardson.

Sir,—May I commend to the Government consideration of Richardson's Law: "The extent to which new legislation may be efficiently enforced is diminished by the degree of efficiency in implementing that already on the Statute Book." More succinctly this may be summarised as "More laws, less enforcement," there being a limit to the number engaged in law enforcement.

W. F. Richardson
34, Queen's Drive,
Fulwood, Preston, Lancs.

To-day's Events

GENERAL

NATO Foreign Ministers begin two-day meeting, Oslo.

Duke of Edinburgh, president, National Federation of Housing Associations, attends its annual general meeting, Queen Elizabeth Hall, S.E.1.

Sir Campbell Adamson, CBI director-general, addresses Royal Society for Prevention of Accidents conference, Birmingham.

PARLIAMENTARY BUSINESS

House of Commons: Police Bill, remaining stages. Debate on Family Income Supplements (Computation) Regulations.

Select Committee on Race Relations and Immigration, 4.00. Subject: The West Indian Community.

House of Lords: Development of Rural Wales Bill, committee. Endangered Species (Import and Export) Bill; third reading.

OFFICIAL STATISTICS

Car and commercial vehicle production (April-final). Consumers' expenditure (second preliminary estimate, first quarter). *Preliminary estimate* of gross domestic product based on output data (first quarter). Building society house prices and mortgage advances (first quarter).

COMPANY RESULTS

Associated Fisheries (half-year). Beecham Group (full year). Boots (full year). Coalite and Chemical Products (full year). Coats Patons (full year). Lonrho (half-year). Robertson Foods (full year). Trafalgar House Investments (half-year). F. W. Woolworth (first quarter).

COMPANY MEETINGS

Anglo-Swiss, West Drayton, 3.15. BBA, Bradford, 11.30. *Bifurcated* Engineering, Aylesbury, 12. Boot (Henry), Sheffield, 12. Brammer (H.), Manchester, 11. British Vending, Walton-on-Thames, 10. *Bruntons (Musselburgh), Musselburgh,* 12. Carron, Falkirk, 12. Chamberlain Group, Dorchester Hotel, W., 12. Delta Metal, Waldorf Hotel, W.C., 12. Erith 530, High Road, Leytonstone, E., 11.30. Expanded Metal, 5, Belgrave Square, S.W., 12.30. Gaskell (Bacup), Blackburn, 12. General and Commercial Investment Trust, 8, Waterloo Place, S.W., 12. Gibbons (Stanley) International, Strand Palace Hotel, W.C., 11. London Brick, Connaught Rooms, W.C. 12. Martin-Black, Coat-*bridge, 12.30. Senior Engineering,* Connaught Rooms, W.C., 12. Unicorn Industries Windsor, Berkshire, 2.30. Wilkes (James), Wolverhampton, 2.30.

هكذا من الاصل

COMPANY NEWS + COMMENT

Portals second half growth: £3.8m. rights

IN ADDITION to reporting record profits up from £4.25m. to £5.4m. for 1975—of which £3.32m. against £2.38m. accrued in the second half —Portals Holdings, the papermaking, water treatment and engineering group, announces plans to raise some £3.78m. by way of a rights issue. This is the first such issue since the company became quoted in 1947.

Profits attributable to Ordinary holders for the year emerged at £1.2m. (£1.41m.) after all charges including extraordinary items of £1.15m. (£547,000). As known, the group decided to dispose of its interests in associates in Italy and Switzerland and in partly-owned subsidiaries in France and Brazil. This divestment, now complete, resulted in an extraordinary charge of £1.12m. included in those items for 1975.

Earnings per 25p share, before extraordinary items, are stated to be up from 15.01p to 18.04p basic and from 13.95p to 16.6p fully diluted.

The dividend is raised by the maximum permitted—from 5.084p to 5.341p net, with a final of 3.859p. For the current year the directors are forecasting a total of 7p on the increased capital. On a gross basis this would represent an increase of 26.32 per cent. compared with 1975, for which the Treasury has given its approval in the context of the rights issue.

Chairman Mr. J. V. Sheffield reports that generally group companies are in good shape and able to make some progress even when the economy of the U.K. is in dire straits.

However, the chairman believes that, given any improvement in trading conditions, "we are ready to take advantage of it and, as an act of faith, we have decided to restore our programme of capital investment to a normal level."

In the present circumstances he considers it inappropriate to make a forecast for 1976 but is encouraged as trading results for the first quarter are above budget and "we view the remainder of the year with confidence."

	1975 £000	1974 £000
External turnover	59,099	45,122
Papermaking	19,077	12,174
Water treatmt. and eng.	44,338	33,929
Property	612	331
Less: Inter-group and rents	5,049	3,332
Trading profit—		
Papermaking	3,231	1,872
Water treatmt. and eng.	2,231	2,294
Property	418	402
Making	5,929	4,568
Unallocated costs*	516	317
Profit before tax	5,404	4,251
Taxation	2,998	2,258
Net profit	2,406	1,993
Minorities	23	9
Extraordinary debits	1,146	547
Attributable	1,233	1,439
Preference dividends	32	32
Attributable Ordinary	1,201	1,407

* Including interest on 8 per cent. Convertible Loan Stock 1995-2000.

The rights issue (involving 3,235,357 shares) is on the basis of one new Ordinary share for every four 25p units held on April 30. Issue price is 120p per share payable in full on acceptance on or before June 11.

The Bank of England, which owns 31.9 per cent. of the Ordinary, has confirmed that it will subscribe in full for its entitlement and the balance has been underwritten by Morgan Grenfell and Co. Brokers to the issue are Rowe and Pitman Hurst-Brown.

A total net reduction on revaluation of properties (after taking into account depreciation and taxation) amounts to £1,724,000 and has been charged against non-distributable reserves.

Net assets per Ordinary stock unit at December 31, 1975, amounted to 109p (119p).

• comment

Portals' issue will be used to refinance its recent big capital spending programme, though thanks to increased down-payments on long-term contracts debt has actually fallen slightly to about £6m. net since December 1974. Shareholders' funds have, however, dropped by 8 per cent. to £14.2m. following a property revaluation, while extraordinary write-offs of £1¼m. in the last two years—equivalent to around two-fifths of the issue proceeds—on two Continental acquisitions made in 1973 have obviously not helped. This blemish apart, the group can point to a steady record with 1975 profits ahead of most targets. Moreover, there are good prospects for papermaking and signs of a pick-up at the smaller end of the water treatment range: the report will contain a CCA estimate which will indicate a reduction in pre-tax profits of roughly a third. The prospective ex-rights yield is 7.2 per cent. at 136p.

INDEX TO COMPANY HIGHLIGHTS

Break-even at Sun Alliance

THE CHAIRMAN of Sun Alliance and London Insurance, Lord Aldington, reported at the annual meeting that the underwriting results for the first quarter of the year showed a break-even position, excluding the proportion of transfer of life profits, together with a more than normal increase in investment income.

Net claims from storm damage in the U.K. and elsewhere in Europe had cost almost £4m. and storms in Canada a further £300,000. Apart from these, home results were better than those for the previous year "with some signs of improvement in home accident and home motor accounts."

"Underwriting losses in the U.S. and Canada were described as being still substantial, although an improvement is expected over the remainder of the year."

Meeting Page 33

Upsurge at Redman Heenan

ON A VIRTUALLY static turnover, and after reduced interest charges, profits of Redman Heenan International, heavy engineers, were almost doubled from £231,000 to £443,000 in the six months ended March 31, 1976.

The directors report that, although the underlying trend in order intake has not yet shown any noticeable upward movement, a steady volume of work from home and overseas has been obtained, which has kept most of the operating companies reasonably employed.

For the year prospects are now thought to be more encouraging than at the time of the statement with the 1975 accounts, with a higher level of deliveries being scheduled for the second half.

Interims—none paid since 1970 — are resumed with a net payment of 0.65p. For 1974-75 a single payment of 1p was paid from profits of £1m.

	Six months 1975-76 £000	Six months 1974-75 £000
Turnover	11,452	11,103
Trading profit	570	491
Interest payable	115	260
Profit before tax	[illegible]	231
Taxation	77	7
Net profit	366	224
Preference dividends	6	6
Ordinary	97	—
Retained	263	218

• comment

With trading profits up by just over 17 per cent., Redman Heenan's almost doubled interim pre-tax profits are largely due to a further reduction in borrowings to 22 per cent. of shareholders' funds against nearly 75 per cent. at the same time last year. This low level is expected to be maintained for perhaps another three months in the current half, although a planned build-up in stocks ahead of a projected pick-up in business in 1977 should raise borrowings again by the autumn. Revenue from heavy shipments in the second half of last year, coupled with a small influx of progress payments, benefited the group in the first six months and present signs are that a turnover level of some £28m. (£24m.) could be achieved this year. But with high production costs persisting in the U.K., margins are unlikely to improve further, and this suggests an end-year pre-tax profit level no more than 6 per cent. higher than last year. This would give the shares at 30p a p/e of 8.6 against a sector average of 7.9.

Steel Bros. ahead and confident

TAXABLE profits of the Steel Brothers Holdings group of international traders and manufacturers, marginally improved from £2.68m. to £2.77m. for 1975, with the net balance attributable to Ordinary holders showing a substantial advance from £563,000 to £766,000.

Chairman Mr. J. H. Gaunt reports that all present indications are that profits will show a considerable increase in 1976, which should be an easier year for the group than 1975.

Mr. Gaunt says the pre-tax profit was less than anticipated a year ago, partly because of two large provisions of an unusual nature—the writing down of Spire Homes' land bank by £360,000 and provision of over £100,000 against possible exchange losses on Euro-dollar borrowings —and partly because the Canadian subsidiary did not find it possible to recover rapidly rising costs in selling prices.

The attributable net profit was after extraordinary items which included a provision of £265,000 to reflect losses in the Lebanon experienced after the close of the year.

Basic earnings per 50p Ordinary are shown to have jumped from 17.53p to 29.66p and the net dividend total is lifted from 7.49573p to 8.14p with a maximum permitted final of 4.76p.

	1975 £000	1974 £000
Group turnover	42,572	34,490
Profit	2,776	2,680
U.K. tax	447	345
Overseas tax	760	1,131
Pre-acquisition	—	60
Extraordinary debits	153	*3
Balance	1,182	1,084
Minorities	290	373
Attributable	892	691
Preference dividends	126	129
Ordinary dividends	262	240
Retained	504	323

* Credit.

• comment

Profits growth from Steel Brothers has been held at 3½ per cent. by £0.4m. of losses from engineering operations in Holland, a small trading loss by Speir Homes in the U.K., and £0.2m. of losses in Australia. The really buoyant area for the group was the Middle East, where profits increased from £0.9m. to £1½m. despite the troubles in the Lebanon, where a £265,000 write-off is taken into extraordinary items. For the current year, foodstuffs in the Middle East continue to show firm growth and Canada should look better in the absence of strikes and some physical expansion. Elsewhere, in the U.K., Spire is now trading profitably following last year's land write-down and overall Steel is looking forward to a better year of it. Borrowing is up by a tenth to £2.1m. and borrowings are higher than the £10.4m. (against shareholders' funds of £11½m.) in the last accounts though the only figure vulnerable to sterling devaluation is $4m. of Euro-dollar loans, the rest being matched by overseas assets (85 per cent. of the total). With the shares up 13p to 218p, the yield of 5.9 per cent. is covered over 3½ times and the p/e is 7.2.

Statement Page 23

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alpine Holdings	1.14	July 15	Nil	1.95	Nil
Chamberlin & Hill	1.22	July 24	1.14	2.22	2.04
J. A. Devenish ......int.	1.63	July 14	1.5	—	4.8
Downs Surgical	1.45	—	1.3	2.18	2
Elswick-Hopper	0.34	July 31	0.3	0.64	0.59
W. & J. Glossop	1.69	—	1.65	3.06	2.82
Hawkins & Tipson ......int.	0.7	July 30	0.7	—	3.25
Allan Kennedy	1.77	Aug. 7	1.6	2.67	2.45
London & Lennox	1.4	—	1.3	1.75	1.65
London Prudential Trust	1.16	July 21	1.06	2	1.89
London Trust	3.5	July 8	3.3°	5.3	4.83*
Alfred Marks	Nil	—	1.95	1.35	3.3
Matthews	0.62(a)	Aug. 13	1.31	3.09	2.32
J. N. Nichols	3.5	—	4.5	7	6¾
Pentland Investment int.	0.88	Aug. 2	0.88	—	2.85
Plantation Hldgs.	0.99	Aug. 6	0.85	1.77	1.64
Portals	3.87	July 2	3.52	5.34	5.08
Portsmouth & Sunderland News	1.68	—	1.47	2.55	2.35
Ransome Hoffmann Pollard int.	1.31	July 19	1.19	—	3.13
Readicut	0.79	—	0.72	1.14	1.04
Redman Heenan ......int.	0.65	Oct. 1	—†	—	1
Steel Bros.	4.76	Aug. 1	4.33	8.14	7.49
Wheway Watson	0.44(b)	July 30	0.28	0.72	0.53

Dividends shown pence per share net except where otherwise stated.

° Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) For 15 months. (b) Treasury permission obtained.

RHP off £1.4m. at halftime

FOLLOWING THE warning last December that 1975-76 results would be reduced due to the recession in the engineering industry, Ransome Hoffmann Pollard reports group pre-tax profits down from £3.13m. to £1.76m. for the first 26 weeks ended April 2. In addition plans are announced to raise some £2.1m. by way of a rights issue to Ordinary holders.

Chairman Mr. G. W. Barlow explains that during the period the group experienced a significant reduction in the volume of bearing sales, because many British engineering customers were themselves operating at reduced production levels with correspondingly reduced requirements for RHP's products.

He reports that the order position has now much improved both from British and overseas customers and factories which were on short time were restored to full-time working in April. Mr. Barlow now sees a steady trend of improvement ahead and strong indications that this upturn will continue into 1977.

The half-year profit attributable to Ordinary holders emerges at £743,000 compared with £1.49m. Basic earnings per 25p share are stated to be down from 7.7p to 3.8p basic and from 6p to 3p fully diluted.

The profit before interest of £2.42m. (£3.64m.) included £564,000 in respect of MTE—the attributable balance was struck after deducting £59,000 pre-acquisition profits of MTE.

On a CPP inflation accounting basis the pre-tax profit for the 26 weeks is calculated at £977,000 (£2.69m.)—these profits include monetary gains of £1.09m. (£1.38m.).

The interim dividend is raised from 1.19p to 1.31p net, and in the absence of unforeseen circumstances the directors expect to recommend a final on the increased capital representing a rise of 10 per cent. on the rate for 1974-75. The total for the year was 3.128125p paid from profits of £5.85m.

Referring to the rights issue, the directors explain that they wish to broaden the company's equity base, thereby giving it greater financing flexibility and strength, to develop opportunities for expansion and to support continuing growth, both in the U.K. and overseas.

The new shares are being offered to Ordinary holders registered on May 7 to shareholders of MTE who have not yet accepted the company's offer at 47p per share payable in full on acceptance in the proportion of one for five.

The issue has been underwritten by J. Henry Schroder Wagg and Co. Brokers to the issue are Hoare Govett and Hichens, Harrison and Co.

A letter giving details of the issue will be posted to RHP Ordinary holders to-day together with provisional allotment letters for acceptance not later than 3.00 p.m. June 10, 1976. Dealings in the new Ordinary shares, in nil paid form, are expected to commence on May 21, 1976.

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See Lex

Matthews turns in £2m. profit

AGAINST a background of difficult trading and economic conditions, particularly in retail meat, both at home and abroad, pre-tax profit of Matthews Holdings was £2,004,000 for the 15 months to January 3, 1976, compared with £2,284,000 in the previous year.

It is struck after an exceptional items of £854,000, the result of terminal losses at meat processing factories and installation costs, and non-recurring losses at the new food factory at Thamesmead following the move from existing factories, and includes anticipated 1976 costs to complete the move.

Results include Dawson and Barfos (acquired on December 2, 1975) for the year to January 3, 1976, associates for 15 months to end December, 1975, and A. J. Mills for 14 months to end December, 1975—the contribution from associates amounted to £266,000 (£293,000).

Stated earnings per 10p share before extraordinary losses are 4.07p (4.81p) and before exceptional and extraordinary losses 5.75p (4.01p). The final dividend is 0.6183p net, making a total of 3.0915p, against 2.3176p.

The directors have decided to dispose of some operations outside the main interest in food—non-recurring losses are involved in this planned operation and have been included as extraordinary losses. Gains of £343,000 arising from an increase in value of overseas assets due to movements in exchange have been credited direct to reserves.

In the first half to March 31, 1975 pre-tax profit was up slightly from £1.15m. to £1.18m.

• comment

Excluding the contribution from Dawson and Barfos, the sharp downturn at Matthews Holdings is attributed by the group to the effects of a long hot summer on meat sales last year. The group has also taken in a number of extraordinary and exceptional items and at the attributable level reported profits are down by 30 per cent. But annualised earnings (excluding extraordinary items) still cover a dividend at least 1½ times. This year is evidently looking much better both in France (sales up 25 per cent. so far) and in the U.K., so with both profit centres moving ahead Matthews is indicating a recovery this year. Meantime the annualised yield at 39p is 10 per cent., double the sector average, which seems a very fair return against the possibility that the recovery may not come right.

Slough Estates

Slough Estates is confident of achieving a further improvement of profits in 1976, Mr. Nigel Mobbs, chairman, told the annual meeting.

Although it would be difficult to achieve a similar expansion in percentage terms as in 1975, current developments would assure a worthwhile growth in rental income, and the company was benefitting from the lower level of interest rates.

Management accounts for the first quarter of the year indicated that Slough was on target, the chairman added.

Readicut jumps to £5.6m.

SECOND HALF 1975-76 profits of Readicut International jumped from £2.68m. to £4.05m., pushing up the total for the year ended March 31 to a record £5.6m.—an increase of £1.45m. on the previous year.

The profit—achieved from sales up from £42.2m. to £48.6m.—included exchange rates differences previously treated as extraordinary items, and was struck after providing for a special contribution of £400,000 to the pension fund.

Chairman Mr. F. A. Newhouse, reports that sales of rug kits, both in the U.K. and overseas, were unusually good, producing a "handsome" increase in profits.

In the manufacturing division (yarns), there was a substantial increase of sales in the home market and a 23 per cent. increase in exports. Despite difficult conditions, an increase of nearly 125 per cent. in profit from carpets was achieved—main contributory factors were the success in operating on lower stocks and the reduction in finance charges. Exports were maintained at the previous year's record levels.

Referring to prospects, Mr. Newhouse says the consistent policy of re-investment in modern plant is being continued and in the current year a further £1.5m. will be spent.

A final dividend up from 0.72481p to 0.79729p lifts the net total from 1.04138p to 1.13513p a share, the maximum permissible.

	1975-76 £	1974-75 £
External sales	48,600,348	42,193,297
Profit—		
Retail division	1,213,781	971,238
Manufacturing div.—		
Textiles	1,778,348	879,125
Yarns	434,780	395,894
Carpets	584,490	371,820
Others	729,209	606,879
Overseas division	1,730,312	1,377,371
Total	6,299,892	4,447,381
Loan interest	290,038	297,283
To pension fund	400,000	—
Profit before tax	5,599,854	4,146,398
Taxation	2,853,017	2,033,255
Net profit	2,746,837	2,091,083
Extraordinary debits	237,782	—
Preference dividends	32,258	32,258
Ordinary	694,482	626,498
Retained	1,782,304	1,432,306

• comment

Readicut is 35 per cent. ahead pre-tax, and with practically the whole of the upturn coming in the second half the outlook is seemingly set fair for 1976-77. But if the textile cycle is beginning to move upwards progress is still slow, and last year Readicut made a favourable switch in its treatment of currency accounting. At the same time group borrowings are rising again. The interest charge fell £0.3m. last year but the recent purchase of Plasticisers —which is still losing money—is probably going to reverse that trend in 1976-77; and if net working capital only rose 5 per cent. to £13½m. last year, the major reason is a near £4m. jump in creditors rather than tighter stock control. The shares yield 5.6 per cent. at 32p, and cover extends to 4 times.

Record start by H. Quick

The H. and J. Quick Group AGM was told by the chairman Mr. Norman Quick, that the company was off to a best-ever start—car sales retail and fleet up 51 per cent. compared with January/April, 1975, and commercial vehicles only marginally below.

And all the workshops were busy with spare parts sales everywhere at an all-time high.

Efficient monitoring of overheads, coupled with a very tight control of cash, ensured that the increase in volume had resulted in a marked improvement in the profit, the chairman reported.

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ISSUE NEWS

Emhart quote

Dealings commence in London to-day in the $1 Ordinary shares in Emhart Corporation of the U.S., a holding company formed in May this year from the merger of the original Emhart Corporation and the USM Corporation. Emhart has 8.36m. shares in issue and the current market capitalisation is about $230m.

The group operates in four product areas: hardware (commercial and industrial as well as domestic fixtures), machinery products (packaging and glass containers), store equipment and other products lines including firearms and alarm systems.

Sales are more than $1bn. on a pro-forma basis and the company has 33,000 employees spread over 15 U.S. states, Puerto Rico, Canada and 30 other countries.

Brokers to the London listing are Cazenove and Co.

WILSON WALTON

It is confirmed by Energy Finance and General Trust that arrangements are in hand for an offer for sale by Wilson Walton Engineering of 1¾m. Ordinary 10p shares at 47p each. Full details will be published on Monday. Brokers are Kitcat and Aitken.

NEWCASTLE WATER

The Newcastle and Gateshead Water offer for sale by tender of £4m. 8 per cent. redeemable Preference stock dated 1981 was applied for as to £9.025m. The average price obtained was £98.82 and the lowest price to receive partial allotment £98.50. Dealings start to-day.

OTHER ISSUE NEWS

Elswick Hopper, Page 21; Portals and RHP, this page.

Unilever first quarter profit upsurge

PARED WITH the "particu- poor" results of the same period, first quarter 1976 bined sales of Unilever Ltd. Unilever NV increased by 15 cent. to £1.83bn. and pre-tax t went up by 260 per cent. 14.6m.

ofit attributable to Ordinary al at £53.3m., up 376 per , rose more than operating t, which was up by 181 per The average rate of tax profit was well below the ptionally high level of the first quarter, while interest ed reflected success in oving liquidity.

mited's attributable balance eased from £14.9m. to £23.6m., e NV turned in £29.7m., nst a corresponding loss of e.

rnings per 25p of capital are m to have gone up from 2.96p 1.35p.

e directors describe the re- as encouraging. Most of increase in sales was due to er sales volume; some part his increase was due to re- ling of stocks by customers. re was a general improve- t in margins, but in Europe are "still too low."

Europe, profits from edible maintained the recovery h began in the third quarter 975, but the problems of the t business persist. Results animal feeds benefited from roved conditions for the stry and those from chemi- paper, plastics and packag- began to recover.

etergents, sundry foods and t preparations made a "good t" to the year.

sults in the U.S. and Canada roved. In other countries out- Europe sales and profits anced strongly. UAC Inter- onal continued their "excel- " growth.

	First quarter combined 1976 £m.	1975 £m.
...nal sales	1,826	1,389
...ited	815	664
	1,011	925
...ating profit	118.1	41.9
...recurring items	—	1.4
...e invest. income	1.8	1.2
...est charges	3.3	9.9
loan capital	3.2	7.5
...er interest	*2.9	2.4
...t before tax	114.6	31.8
...tion	54.9	18.2
adjustments	2.9	0.2
...de interest and ...ference dividends	3.4	2.6
...butable Ord.†	51.4	11.2
...ange differences‡	1.9	—
...butable Ordinary	53.3	11.2
...uted	23.5	14.9
	29.7	¶3.7

...redit. †At exchange rates December 1975. ¶ Loss. ‡ On recalculation at March rates.

esults are compared in the le. As has been the practice, lts for the quarter and the nparative figures have been culated at comparable rates of hange being based on £1 equals Fls.5.43 equals $US2.02, the closing rates for 1975. Profit attributable to Ordinary capital for the first quarter has also been recalculated at rates current at the end of March, 1976, based on £1 equals Fls.5.15 equals $US1.91.

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See Lex

A. Marks setback—no final

A SHARP drop in 1975 pre-tax profit from £702,641 to £86,172 is announced by Alfred Marks Bureau. After extraordinary debits, a loss of £476,009 was incurred, compared with a profit of £513,235.

Included in extraordinary items £459,656 (nil) is £451,408, being the cost of control of subsidiaries which has been written off, thereby, say the directors, only retaining in the balance sheet net tangible assets whose value equals 50.8p per share.

When reporting first half profit, down from £430,000 to £51,000, the chairman, Mr. B. M. Marks forecast that year-end results "would be appreciably lower."

A maintained interim dividend of 1.35p net per 10p share has already been paid. No final is being recommended, compared with 1.95p last time. Stated loss per share is 0.58p (earnings 11.02p).

In his annual statement, Mr. Marks says the extremely poor conditions experienced in the last quarter of 1975, continued into the first quarter of the current year.

However, all indicators point to a "progressive improvement, which should bring considerable benefit to all activities of the group."

With the anticipated turnround of the cleaning subsidiaries from loss to profit, the trading position should improve progressively throughout the year. Mr. Marks is confident that the group "is well placed to take full advantage of further improvements in 1977 and onwards."

A breakdown of turnover and pre-tax profit shows: employment agency £10m. (£12.69m.) and £174,159 (£750,580), dry cleaning £380,333 (£224,699) and £80,762 loss (£14,214 loss), contract cleaning 380,333 (£224,699) and £80,762 loss (£29,519 loss), travel agency £442,396 (£112,673) and £3,626 (£4,206 loss).

● comment

After an 88 per cent. pre-tax fall at half-time it is no surprise that Alfred Marks' 1975 performance is the worst of the three quoted employment agencies. However, the extent of the annual profits fall is still disappointing and the share registered this with a 5p fall yesterday to 27½p. Because of its involvement in industrial employment Marks has probably been more vulnerable to the severe drop in demand for temporary placings, but the poor performance must also reflect the fact that the group was much slower than the other two in anticipating the depression and trimming its sails accordingly. Placings, both permanent and temporary, have picked up considerably in the last two months (after a very poor first quarter) and some benefits are now being seen from belated cost saving exercises, while both contract cleaning and dry cleaning are beginning to turn round to profits. This could allow the group to achieve current year profits of at least £300,000 though, whether that prospect is enough to hold the shares at their current level, where their yield is only 7.6 per cent., compared with returns of over 14 per cent. for both Reed and Brook Street must be doubtful.

Alpine profits improve

FOLLOWING the return to profitability at half-way—profits recovered from £35,000 to £370,000—Alpine Holdings finished the 53 weeks to January 31, 1976 with a pre-tax balance of £764,000 compared with £407,000 previously.

The chairman, Mr. A. J. Dyer, believes the results confirm his statement last year that the group had a firm base from which to move forward once again in profits.

Stated earnings per 5p share are up from 1.21p to 3.53p and a net final dividend of 1.1375p makes a total of 1.95p—there were no dividends in the previous year compared with a 2.365p total in 1973-74.

	1975-76 £000	1974-75 £000
Turnover:		
Double glazing, etc.	9.882	7.467
Freezers	863	470
Other activities	480	1.079
Total	11.025	9,016
Double glazing profit	898	727
Freezers loss	33	98
Other loss	6	[illegible]
Assoc. loss	95	93
Profit before tax	764	407
Tax	410	286
Net profit	354	121
Extraordinary debits	—	338
Minorities	1	—
Attributable	353	†237
Dividends	196	—

* Profit. † Loss.

The group's strong liquidity position, disclosed at the half-year, has been further improved, the chairman adds.

● comment

Loss elimination worth £396,000, resulting from the closure of the freezer delivery business in August 1974 is the main feature of Alpine Holdings 1975-76 recovery. Elsewhere, the double glazing division continued to make headway with a profits rise of more than a fifth but most of the benefit was wiped out at the pre-tax level by a £188,000 turnround into the red by associates, mostly attributable to Century Aluminium. In the current year the group is hoping for a reduction in the losses here as well as those of freezer shops and with double glazing still making progress the outlook seems fairly bright, especially since the group with cash balances now boosted to around £¾m. is on the outlook for expansionary opportunities. At 28p the yield is 12 per cent. while the capitalisation is £2.6m.

Brown Brothers cautious

MOTOR ACTIVITIES of Brown Brothers Corporation were to date on target in the key areas, chairman Mr. E. G. Spearing reported at the annual meeting.

He added that this was not the case in the non-motor distribution business, which had been depressed since May last year. Although there were glimpses of some improvement in the non-motor divisions, sales were unlikely to materialise at the level needed until later in the year.

Mr. Spearing said that although the group engineering company was performing "very well indeed," sales from the distribution companies in May and June would have to be beyond present expectations to enable the group to improve on profits of the first six months of last year.

The same observations applied to the 1976 full year, Mr. Spearing added, but, thereafter, with the generally expected improvement in the national economy and the group's own plans starting to come to fruition, "the company expected to get well on the way with their growth objectives."

Good start by Boddingtons

Shareholders in Boddingtons Breweries were told by chairman Mr. Ewart Boddington at the annual meeting that this year, in the first four months, barrelage of the company's own beer rose by 18 per cent., and this was an increase on a larger base figure.

"We have got off to a good start in 1976 and I hope we shall be able to produce encouraging figures at the end of the year," he said.

Baggeridge ahead

From increased turnover of £2.06m. against £1.54m., pre-tax profits of Baggeridge Brick rose from £73,000 to £120,000 in the half year ended March 31, 1976. In all 1974-75 profits totalled £230,102 on sales of £3.5m.

The first half profit is after depreciation of £67,000 (£62,000) and before tax of £62,000 against £39,000.

Elswick-Hopper expansion

AFTER provision for an exceptional loss of £29,355, pre-tax profits of Elswick-Hopper increased from £380,411 to £416,245 in the year ended January 31, 1976. The directors plan to raise some £394,000 by a rights issue towards financing further expansion.

The year's profit reflects a noticeable recovery in the second half. First half profits had fallen from £193,000 to £173,000.

Stated earnings per 5p share are up from 2.19p to 2.52p and the net final dividend is 0.33786p making a total of 0.63786p compared with 0.5925p previously.

The rights issue of Ordinary shares is on a one-for-two basis at 8p a share. The directors are forecasting an interim dividend of 0.35p and a final of 0.4625p for the current year—Treasury consent has been obtained.

Finances obtained will be concentrated on agricultural equipment which offers highly favourable growth prospects, the directors say.

Agricultural services and equipment contributed £3.43m. to the year's turnover and £233,760 to trading profit; engineering, £2.09m. and £126,953 and property and finance, £152,154 and £84,387.

Favourable trends have continued, the directors report, and the tempo in agricultural equipment sales has acceletrated in the first three months of the present year.

While this may slacken off somewhat from the present exceptionally high levels, it is expected to remain brisk. The group has consequently made a "most encouraging" start.

Statement Page 28.

Record £0.18m. from Lennon

Turnover of tobacconists Lennon Bros. increased from £7.3m. to £8.43m. during the year to January 31, 1976 and pre-tax profit was up from £109,102 to a record £177,509. Tax takes £98,410, against £63,014.

Stated earnings per 25p share are up from 13.3p to 24.27p—dividend is being raised from 4.75p to 5.5p net.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Dunlop cautious but off to better start

FOR THE general reasons of inflation, political uncertainties abroad, and fluctuating exchange rates, Sir Reay Geddes, chairman of Dunlop Holdings, feels that not too much can be expected of the current year—but it has started better than 1975.

Investment overseas has been concentrated in the U.S. where the expansion of radial car tyre capacity at Huntsville has progressed, and in modernising tyre production facilities within continental Europe.

In readiness for a return to economic growth, the chairman announces that Dunlop has made arrangements with its bankers and with the FCI for medium/long-term facilities totalling £50m., none of which has yet been used.

In 1975 the group achieved record attributable profits of £15m.—almost 50 per cent. up on the previous year. This result owes much to careful control of resources, as well as efficiency gains particularly in the U.K., explains the chairman. There was a strong performance by the engineering and industrial groups, a good growth in exports—up from £80m. to £98m., and a useful upturn in Germany. Group interests in overseas Pirelli activities also contributed significantly to the improved profits.

On the subject of inflation accounts, the chairman says that in recent years the group has been developing inflation-adjusted accounting data based on principles very like those recommended by the Sandilands Committee. These are used internally and for the first time they have been included in the annual report. On an adjusted basis the pre-tax profit is shown at £13.2m. compared with a historical figure for 1975 of £32m., and at the attributable level the adjusted figure amounts to £4.5m.

Capital spending in 1975 totalled £29m. In the U.K. the emphasis has generally been on modernisation but with expansion in areas with good profit potential such as fire armour, oil and marine hose and sports.

The carbon fibre brakes for Concorde were another "Dunlop first" and are already being developed for other advanced aircraft, military and civil, adds Sir Reay.

A statement of source and application of funds shows that there was a net inflow of funds of £21.3m. (£14m. outflow). Bank balances, cash, and marketable securities at the year-end stood at £19.2m. (£13.4m.) against which there were bank overdrafts and acceptances of £35.4m.

Capital expenditure items sanctioned at the year-end amounted to £33.1m. (£39.1m.) against which contracts had been placed in respect of £10.7m. (£14m.). The figures are after estimated Government grants.

Meeting, 16, Bury Street, S.W., June 14 at noon.

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BOARD MEETINGS

The following companies have notified dates of Board Meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Brockhouse, M. J. Gleeson, Muirhead, Trafalgar House Investments, United Scientific, Yorkshire and Lancashire Investment Trust.

Finals:—Beecham, Boots, Coalite and Chemical Products, Coats Patons, Hambros Investment Trust, Industrial and General Trust, Inter-City Investment, Leisure Caravan Parks, Park Farms, Robertson Foods, Selincourt, Francis Sumner, Whitbread Investments.

FUTURE DATES

Interims:—	
Greencoat Properties	May 21
Tobacco Securities Trust	May 25
Weyburn Engineering	Jun. 16
Finals:—	
Burnett and Hallamshire	Jun. 17
Capper-Neill	May 28
Chloride	Jun. 17
Fowler (D. & J.)	May 25
McNeill Group	May 26
Sangers	May 27
Spink	May 24

Metal Closures potential

AT PRESENT, demand throughout the Metal Closures Group remains well below capacity, and the indications for a resurgence predicted in some quarters have not as yet materialised, says the chairman, Mr. J. Boden.

However, the group, having been reorganised and with strong liquidity, should be able to report encouraging results when the economy recovers.

As reported on April 8, pre-tax profits for 1975 were down from £4.93m. to £3.78m. The net dividend is a maximum permitted 3.4296p compared with 3.2138p previously.

A statement of the source and application of funds shows a cash gain of £579,000 last year compared with a £353,000 decrease in 1974.

The downturn in home profits was due to the considerably reduced demand throughout the whole range of products.

In view of this and the continued fiscal policies and restraints at present operating against the private sector of industry in the U.K., overseas activities are playing an ever-increasing part in industry in general "and, indeed, in our own specifically."

The directors continue to explore every avenue which may lead to further export opportunities and, at the moment, are negotiating for the installation of manufacturing plants in two major countries.

There has been no revaluation of group properties in the U.K. in recent years and it is proposed to organise a professional valuation later this year. The result will appear in next year's accounts.

Chairman's statement Page 21

Glossop jumps to £630,482

PROFITS OF the enlarged W. and J. Glossop group of public works contractors jumped to £630,482 in the year ended January 31, 1976, compared with the midway forecast that the result would exceed the £312,285 achieved in 1974-75.

First-half profits were up from £205,000 to £261,000 but the directors then did not anticipate the second-half would show the same proportionate increase.

Earnings per 25p share are stated to be up from 6.64p to 8.24p; and the dividend is raised from 2.82p to 3.063p net, with a final of 1.896p.

	1975-76 £	1974-75 £
Turnover	9,005,742	5,770,706
Profit	630,482	312,285
Taxation	299,882	82,625
Net profit	330,600	229,660
Attributable	331,802	229,363

J. A. Devenish to improve

Weymouth-based brewers, J. A. Devenish and Co. reports profits, before tax, down from £129,873 to £51,131 for the 24 weeks to March 12, 1976, on turnover, excluding VAT, of £4.08m., compared with £3.72m.

The directors state that trade since the end of March has shown some improvement and they expect that profit for the full year will be comparable with last year's £1.05m.

The interim dividend is lifted from 1.5p to 1.625p net per 25p share. Last year's final was 3.3p.

Tax for the 24 weeks took £26,500 against £67,500. The profit attributable is down from £56,130 to £18,388.

Statement Page 23

Corah Board criticised

There was a call for the resignation of Mr. John Fry, managing director of the knitting concern, Corah, at the annual meeting at Leicester. It came from a solicitor representing a settlement and a group of trustees who expressed concern about the future viability of the company.

The demand came after Corah reported a net loss before tax of £755,000 for 1975 (profit £1.6m. for 1974)—no final dividend was declared. The solicitor, Mr. Michael Charman, said Mr. Fry must accept the responsibility for the company's position. He also sought reorganisation of the Board.

The chairman, Mr. Nicholas Corah, ruled the motion out of order because 28 days' notice had not been given and he pointed out that it was planned to appoint a new director with special responsibilities for financial strategic planning who, it was hoped, would be joining the company in the late summer. He expressed the support of the Board for Mr. Fry and also asked for that of shareholders.

In a statement Mr. Corah said many shareholders had asked whether it was to the company's advantage to sell so much production to Marks and Spencer. He said they paid better prices than many of the competitors and their buy-British policy had protected the industry from many of the cold winds blowing with ever increasing force from the Far East.

He referred to the restructuring of the company, which involved the closing down of three factories and said this had in no way reduced effectiveness of Corah. It had reduced overheads significantly while production continued to grow to beat higher order books.

First half upsurge for Lex

PROFIT BEFORE tax of Lex Service Group, which has interests in garages, cars, hotels and property, would double from £1.36m. to at least £2.75m. in the first half of 1976, chairman Mr. Trevor Chinn forecast at the annual meeting. Total pre-tax profit for all the year 1975 was £4.09m.

This substantial improvement was partly due to the elimination of a number of loss makers, and also to the turnround of businesses which had performed poorly in the first half of 1975, Mr. Chinn said.

The effects of these special situations would be largely confined to the first half of the year, he added.

Unaudited management accounts showed that operating profits had improved considerably in the first four months of 1976.

Furthermore, the group continued to achieve reductions in interest costs, resulting from savings in working capital together with a lesser benefit from lower average interest rates, Mr. Chinn told the meeting.

Having regard to normal seasonal patterns, the trend in reductions in short-term borrowings had continued. Results from the U.S. business were improving and the reduction in losses there would reduce the company's overall tax charge considerably below the exceptionally high level of 1975.

Cape Inds. progress

Trading at Cape Industries in the first four months of the current year was approximately on target and ahead of the corresponding period last year, the chairman Mr. R. H. Dent told shareholders at yesterday's annual meeting.

Mr. Dent also referred to the publicity recently directed against Cape and the asbestos industry. "Television and the Press have repeatedly put out alarmist and in many cases inaccurate reports concerning the possible risk to the public of a form of cancer, which, it is said, might be caused by the inhalation of minute quantities of asbestos dust from fireproof boards or ironing pads to quote two examples frequently mentioned," he said.

The chairman welcomes the promised Government inquiry, the names of the members of which were announced by the Employment Secretary on Tuesday of this week.

T. Naylor asks for receiver

Stock Exchange dealings in the shares of Axminster carpets group, T. and A. Naylor, were called to a halt yesterday as the directors disclosed they had asked for the appointment of a Receiver.

The group's last accounts, for the year to March 31, 1975, showed a pre-tax loss of £570,000.

After interim losses this year of £193,373, announced in December, the company claimed to have "substantially achieved" its target of reaching a breakeven position by the year end. But, the directors said yesterday, "because of the large shortfall of sales in April and the early part of May and the poor prospects for the next month or two the company will be unable to continue trading within the financial resources available to it."

The shares were suspended at 4½p yesterday.

J. G. Kincaid

After depreciation of £257,000 against £225,000, profits of marine engineers and boilermakers John G. Kincaid & Co. increased from £1.26m. to £1.74m. subject to tax of £0.88m. compared with £0.66m. The second interim dividend is 13.045p per £1 share for a total of 18.045p (18.194p). All the Ordinary shares are privately held.

The dividend is the maximum permitted under The Aircraft and Shipbuilding Industries Bill. The Board may apply for permission to pay a total above the maximum permitted under the bill.

Midway fall at Hawkins & Tipson

TURNOVER FOR the six months to February 28, 1976, of Hawkins and Tipson fell from £5.9m. to £5.59m. and profits dropped from £549,000 to £280,000 before tax of £146,000 compared with £285,000.

Although traditionally the second half is more profitable than the first, and "will be so this year," the directors do not expect to catch up with last year's record result—£1.2m. before tax.

Nevertheless they indicate a final dividend of not less than last year's 2.55p net—the interim is held at 0.7p per 25p share costing £49,000 (£35,000).

The directors give three basic reasons for the reduction in half-time profits: First, the corresponding period was one of "quite exceptional" profitability; second, the group has spent the last few months in erecting and commissioning large new machines and also moving and rehabilitating the two new companies which they bought last autumn. Third, although the share of the market has been maintained, turnover has been affected by the general recession.

The group is setting its sights in the forthcoming year on the benefits which should flow from the substantial programme of capital expenditure and the new companies acquired should add considerably to profits. If inflation is contained and the hoped for industrial revival starts in earnest, the group is "extremely well placed to take advantage of such an upswing."

Duckwari Tea compensation

The provisional figure of compensation to be paid to the Duckwari Tea and Rubber Estates by the Government of Sri Lanka has been notified as £42.50 on 1,160 acres of tea land—the amount of £49,300 is to be paid in 10 equal instalments starting in March, 1977, and completed in 1981.

Interest at 4 per cent. per annum is to be allowed on such instalments.

Other assets in Sri Lanka, taken over by the Land Reform Commission, are to be dealt with when a final accounting position has been reached.

The group is continuing operations in the provisions market in the U.K. in association with companies controlled by Mr. F. Scannell, and showed a small profit for the three operating months ended December 31, 1975.

J. N. Nichols well up

Makers of fruit compounds, cordials, etc., J. N. Nichols (Vimto) reports turnover up from £2.14m. to £3.21m. and pre-tax profits of £379,414 against £160,185, for the year ended March 31, 1976.

When reporting profits ahead from £52,219 to £204,434 in the first six months, the directors believed the second half would not show a similar rate of increase but they felt the year's outcome would prove satisfactory.

Stated earnings per 25p share have increased from 8.35p to 18.72p and the net final dividend is 3.5p making a total of 7p compared with 6.5p previously. The dividend absorbs £70,000 (£65,000).

Tax takes £192,221 (£78,712) leaving net profits at £187,193 against £83,473.

Baxter Fell advance

The chairman of Baxter Fell, Mr. D. R. Peacock, told the annual meeting that the group had made an encouraging start to the current year.

He re-affirmed his statement with the report and accounts that 1976 should produce a "useful" increase in results over 1975.

DUNBEE-COMBEX

Dunbee-Combex-Marx proposes repayment of the 7½ per cent. debenture stock 1988/93 (of which £246,785 is in issue) at the rate of £90 per £100, with accrued interest (less tax) to the date of repayment.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
	F.P.	—	£20¾	£21¼	Berry Pacific Pd. US$1	£25¼	......	40c	—	8.2	—
	F.P.	—	$10,500	$9,500	Brasilvest S.A.	$9,500	......	—	—	—	—
	F.P.	—	£17½	£14½	I.C. Inds.	£16¼	......	$1.36	—	4.6	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
	F.P.	—	$131	$100	Barclays Bk Intl. 9½% Cap. Notes 1985	$100	......
	F.P.	18/5	125	119	Bowring (C.T.) 10% Conv. 1987	125	+6
	F.P.	4/6	100	99½	Chester Water 8% Red. Pref. 1981	99½	......
	F.P.	11/6	100½	99½	East Worcs. Water 8% Red. Pref. 1981	99	......
	F.P.	—	99¼	96½	IAC 8¼% Notes 1981	$98¼	+⅛
	Nil	—	$99¼	$99¼	Lloyds Eurofinance Guar. Fl'ting N'tes 1985	$99¼	......
	Nil	—	101	101	Royal Bank of Scotland Floating Rate 1981	$101	......
100	F.P.	—	100½	99¾	Sandvik 9½% Bonds 1985	$99¾	−¼
	£50	6/7	74	65	Scot. Met. 8% Conv. 92/8	67	......
	F.P.	14/5	99⅛	93¼	Sutton Dist. Water 8% Prf. 1981	99⅛	......

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or −
	Nil	—	—	124	116	Aust. & N.Z. Bank	115pm	−5
	F.P.	30/4	28/5	124	105	BICC	124	+1
	Nil	28/5	25/6	46	45	Bank of Ireland	46pm	+2
	Nil	1/6	9/7	33	28	Boddingtons	33pm	......
	Nil	28/5	11/6	4¾	1¾	Boulton Wm.	3½pm	......
	F.P.	18/5	15/6	82	73	Bowring (C. T.)	81	+5
	F.P.	19/5	9/6	96	77	Brent Chemicals	93	−1
	F.P.	9/4	21/5	261	214	De La Rue	249	−1
	F.P.	19/5	9/6	70	65	Elliott (B.)	65½	......
	F.P.	7/5	18/6	50	44	Era Inds.	45½	......
	F.P.	17/5	11/6	76	69	Garner Scotblair	69	......
	Nil	21/5	18/6	26½	19½	Glynwed	25pm	+4
	F.P.	14/5	11/6	151	151	Greene King	151	−2
	Nil	27/5	2/7	132	96	Heath (C.E.)	122pm	+12
	Nil	—	—	49	44	I.C.I.	46pm	+2
	Nil	—	—	18	16	Leaney Products	17pm	......
	F.P.	3/5	30/7	71½	64	Lovell (Y.J.)	68½	......
	Nil	28/6	9/7	26	20½	Lucas Inds.	25pm	+2
	F.P.	5/5	8/6	116	104	Lyons (J.) 'A'	107	−1
	F.P.	21/4	19/5	94	88	Parker Timber	91	......
	Nil	22/4	3/6	61½	49½	Rolls-Royce Motors	61½	+½
	F.P.	4/5	1/6	155	143	Ratcliffs	144	+1
	F.P.	—	—	493	446	Selection Trust	472	+2
	F.P.	7/6	28/6	16	12½	Southern Construction	13	......
	F.P.	15/4	28/5	64½	47	Stadler Inc.	60	+7
	F.P.	24/2	25/5	114	92½	Stenhouse Hldgs.	107	......
	F.P.	5/5	26/5	300	277	Taylor Woodrow	298	+4
	Nil	—	—	11	1½	Tricentrol	4½pm	+½
	F.P.	28/4	8/6	97½	89	Trust Houses Forte	91½	−1
	F.P.	15/5	11/6	166	140	Turner & Newall	147	+2
	Nil	18/5	—	52	38	Western Mining	49pm	+5
	P.Pd	—	—	61	57	Wiseside-Burmah	61	−2

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. g Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. M Figures based on prospectus or other official estimate for 1976. Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ¶ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ◆ Issued to former Preference holders. ↓ Allotment letters (or fully-paid). ↑ Provisional or partly-paid allotment letters. ¶ With warrants.

BIDS AND DEALS

Merger deadline extended

The deadline for the report of the Monopolies and Mergers Commission on the apparent merger situation between Eurocanadian Shipholdings and Furness Withy and its subsidiary Manchester Liners, has been extended.

Originally the Commission was scheduled to make its report on May 27 but the Secretary of State for Prices and Consumer Protection, Shirley Williams, has agreed to extend the reporting period to July 30.

The initial reference to the Commission was prompted by the acquisition by Eurocanadian, which already held 38 per cent. of Manchester Liners, a 62 per cent.-owned subsidiary of Furness Withy, of a 28 per cent. holding in the U.K. shipping company itself.

A further reference followed in December when Eurocanadian, having announced that its stake had fallen from 28 per cent. to 20 per cent., revealed that it had not actually purchased the balance of 8 per cent. in September; this portion was held on a purchase option by Hambros Bank which remained unexercised.

Eurocanadian has undertaken not to take its holding up beyond 23 per cent. while the report is in preparation and currently holds some 23 per cent.

SHARE STAKES

United States and General Trust—London and Manchester Assurance purchased a further 58,500 Ordinary shares and now holds 1,099,011 (13.56 per cent.).

Yorkshire and Lancashire Investment Trust — Arbuthnot Latham bought a further 7,500 Ordinary to make its total holding 548,300 shares (13.6 per cent.).

Plantation down £0.5m.

PROFITS BEFORE tax of Plantation Holdings amounted to £2.26m. in 1975, against £2.77m. in 1974, after the fall from £1.19m. to £706,000 in the first six months.

Stated earnings per 10p share before extraordinary items are 3.3p against 4p and 2.7p (4.3p) after such items. A net final dividend of 0.9932p makes a maximum permitted total of 1.7732p compared with 1.6354p previously.

The directors say that although the current year has started well, it would be unwise to predict full year results. However, profits for the first quarter are more than double those for the same period last year.

	Year 1975 £000	1974 £000
Trading profit*	2,473	3,090
Rubber	446	572
Palm oil	1,095	1,082
Light engineering	558	641
Scientific instruments	352	208
Video consumer	174	15
Financial operations	—	†50
Interest	211	365
Profit before tax	2,262	2,773
U.K. tax	111	256
Foreign tax	897	1,150
Net profit	1,254	1,367
Minorities	9	62
Attributable	1,245	1,429
Extraordinary debits	224	‡119
To currency reserve	136	104
Dividends	681	612
To revenue reserve	202	742

*After central administration costs. † Loss. ‡ Credits.

The results were a good achievement in a year of deep recession, the directors say.

An improved performance by U.K. operations which account for 37 per cent. of the group's trading profits, helped to reduce the effect of the sharp fall in commodity prices on the Malaysian results and virtually is eliminating unrelieved ACT.

● comment

Plantation Holdings is probably going to top £3¼m. pre-tax this year. The U.K. operations could emerge usefully ahead and the plantation side is currently well into what looks like proving a year of considerable boom. Palm oil prices have improved only modestly over the past 12-months but the rubber price has jumped by about three-quarters, from 26½p to 46p a kilo. The Malaysian authorities' curbs on production are now very much a thing of the past, and the Malaysian dollar has stayed strong against the pound. At 37p a yield of 7½ per cent. stands to rise to 8.8 per cent. in 1976 where it would be covered some 2½ times by earnings of about 4½p a share. This year's U.K. profits ratio will probably ease back to about a third.

Low & Bonar offshoot recovering

The operations of Flotex, the floorcovering subsidiary of the Low and Bonar Group, are to be continued, the chairman Mr. I. C. Low told the annual meeting yesterday.

Although a Flotex loss not exceeding £175,000 is forecast for the first six months of this year, charges payable to the group for depreciation and interest will convert this to a cash gain for the period of £65,000, and £140,000 for the year if current targets were maintained.

Home and export orders had risen sharply and new designs as well as a tile produce were to be launched later this year and should further expand sales.

Mr. Low revealed that losses for Flotex last year had technically been £600,000—"and somewhat more the year before."

Actual group losses, however, because of the depreciation and interest factors, had been only £108,000, and £81,000 respectively.

There had, in fact, been a cash gain of £83,000 for the first six months of 1975, but losses had escalated in the second half.

This substantial increase in the rate of loss was caused by serious technical problems associated with the introduction of a new product, the chairman said.

In the first five months of 1976, the situation in Flotex changed significantly. Home and export orders received in the first 24 weeks were 66 per cent. above those for the corresponding period last year.

Peak £1m. by Downs Surgical

AFTER A marginal fall from £456,000 to £431,000 in the first half, pre-tax profits of Downs Surgical finished 1975 up from £839,056 to a record £1,024,543 on turnover of £10m. compared with £7.64m.

Earnings are shown to be up from 3.4p to 4.21p per 10p share and the dividend total is lifted from 2p to the maximum permitted 2.177p net with a final payment of 1.477p.

	£	£
Group sales	10,042,720	7,635,338
Operating profit	1,236,972	988,236
Interest payable	212,429	35,180
Profit before tax	1,024,543	839,056
Tax	541,399	451,088
Net profit	483,144	387,368
Extraordinary debit*	—	285,478
Leaving	483,144	101,890
Dividends	258,125	220,135

*Amount written off investments in subsidiaries year to eliminate goodwill on consolidation.

Overseas sales rose from 50.9 per cent. to 51.6 per cent. with "particularly noteworthy" increases coming from Australia and the Middle East.

Despite the continuing pressure on the National Health Service to reduce its expenditure the group fully maintained its share of business in the U.K.

Marketing activities are being intensified throughout the world and sales for the first four months of 1976 show a further advance on last year, members are told.

● comment

After a prolonged period of start-up problems stemming from the 1974 spate of acquisitions, Downs Surgical finally found its feet last summer and profits in the second half rose nearly 30 per cent. to produce a full year pre-tax advance of 22 per cent. on a 31 per cent rise in turnover. Some boost to the figures was given by currency benefits (though probably not more than £75,000) and by the comparatively better overseas price structure. But with increasing orders especially from the Middle East, volume sales showed a firm trend which has continued into the current half. The nature of Downs' business suggests a steady pattern of growth in sales rather than sudden big windfalls. Meanwhile, until profitability from the currently depressed U.K. and Canadian side picks up, interest charges are unlikely to be reduced. After a 5p rise to 42p yesterday, the shares yield 8½ per cent. covered 1.9 times while the p/e is 9.6.

MINING NEWS

Two new mines for RTZ

BY KENNETH MARSTON, MINING EDITOR

CONFIRMATION that Rio Tinto-Zinc Corporation has two new viable mines in prospect came at yesterday's London meeting from Sir Mark Turner, who has taken over from the late Sir Val Duncan as chairman and chief executive of the U.K.-based international mining group.

He was referring to the group's discoveries of "commercial quantities of molybdenum in Alaska and fluorspar in Tennessee." He added that the molybdenum find still requires a lot more work before a feasibility project can be prepared: as reported here in March, the latter covers over 100m. tons of ore grading 0.20 to 0.35 per cent. molybdenum disulphide which could support a $250m. (£139m.) open-pit mining complex.

Sir Mark Turner

Apart from the expansion of existing operations, RTZ is also assessing the economics of coking coal and asbestos properties in Canada and coking coal in Australia. Sir Mark drew attention to the mounting cost of new mining operations and commented that there is no mechanism for a British-based mining company to obtain protection from renegotiation or variation in its concession rights.

At question time he was subjected to the usual criticism of the group's involvement in Southern Africa and, in particular, the £120m. Rossing mine in South West Africa which is due to reach production in the second half of this year and to supply uranium to the U.K. He made the point that investing in politically controversial areas—which this group tends to avoid—is better than withdrawing, from the point of view of their inhabitants.

Sir Mark hinted that he would continue as full-time chairman of RTZ, devoting his efforts to the group's broader policy considerations. But in due course there would be a separate appointment to the role of chief executive concerned with the group's operational affairs. Meanwhile, he cautiously anticipated "some improvement" in this year's results of RTZ. The shares were unchanged at 226p yesterday.

ABERFOYLE GETS MORE FOR ROBE

The Australian Aberfoyle Tin Mining group, in which Canada's Cominco has a 53 per cent. stake, is reported to have sold 666,000 shares of Robe River, the remainder of its original holding of over 1.1m. shares, at a price of $1.20½ (82.5p).

The interesting point of the deal is that the price is above that which Burns Philp and the U.S. metals giant Engelhard Minerals is paying for the 43.4 per cent. holding in Robe River owned by the Bond Corporation, namely $1.17½. Robe River closed at $1.19 in Australia yesterday and were 120p cum-premium in London.

SW—Haw Par dispute

BY MARGARET REID

There are rising hopes for a settlement of the prolonged dispute over the $29m. (£16m.) loan from Slater Walker Securities to the Singapore-based Haw Par Brothers International before SWS' 1975 results, and the detailed accountants' report on its business are published, probably in June.

It is understood that Haw Par, which had earlier deposited $12½m. in a joint account in London pending resolution of the legal actions between the two sides, has now increased this sum to $13½m.

This means that, allowing also for the charge it has on a proportion of Haw Par's near-30 per cent. shareholding in London Tin Corporation and other security it holds, SWS considers its loan adequately covered.

Depositing by Haw Par of the additional cash, in the context of continuing informal contacts between itself and SWS, where Mr. Jimmy Goldsmith last October succeeded Mr. Jim Slater, has enhanced expectations that a solution of the loan dispute may be in sight.

It appears that SWS has also made considerable progress on another front, with its objective of disposing of its insurance company, which has for some weeks been known to be up for sale.

A settlement of the Haw Par loan dispute, which concerns one of SWS' largest single assets, and a sale of the insurance company, would take SWS a long way towards the reshaping of its business on a narrower scale which has been aimed at for some months past.

The hope is that these two major developments will take place before the publication, expected next month, of SWS' report and accounts for last year—which are expected to include provisions against bad debts—and publication of the accountants' report on the group. This latter document, of more than 2,000 pages, was completed by accountants Peat Marwick Mitchell and Price Waterhouse after several months' detailed scrutiny from last October.

The prospect is that, given settlements of the two important subjects of the Haw Par loan and the future of the insurance company, SWS will emerge as a smaller concern with the accent on investment management.

The future of its banking company, whose lending activities have been run down, will, however, have to be clarified. When the group's new shape is defined, following publication of the accounts and report—probably next month—Mr. Goldsmith is likely, as he has always intended since October, to give up the chairmanship of the company.

TALKS CONTINUE ON MARRA MAMBA

Discussions with the Japanese on the development of the high purity Marra Mamba iron ore deposits in the Pilbara region of Western Australia are continuing. Further meetings are scheduled for the near future when the final project presentations will be given, say the directors of the Mount Goldsworthy consortium which consists of Consolidated Gold Fields, America's Utah International and Cyprus Mines.

In the quarter ended March 31, Goldsworthy's shipments amounted to 1.7m. wet tonnes bringing the total for the year to that date to 7.18m. tonnes compared with 8.18m. tonnes for 1974-75. The latest quarter's shipments were below those of the corresponding period a year ago owing to the reduction in ore requirements of the Japanese steel mills, a situation which will continue for some months, but were modestly higher than the 1.53m. tonnes shipped in the last quarter of 1975.

Chamberlin & Hill

Light grey iron founders, Chamberlin and Hill reports turnover up from £4.21m. to £5.11m. for the year to March 31, 1976, and an advance in pre-tax profits from £463,332 to £552,816 after £212,266, against £188,161, for the first half.

Tax takes £295,070 compared with £236,078, leaving stated earnings at 11.31p against 10.15p. The final dividend is 1.22p net for a total of 2.22p against 2.042p.

St. Gobain suffers sharp fall in 1975 profits

BY ROBERT MAUTHNER

PARIS, May 19.

ST. GOBAIN-PONT-a-MOUSSON, the French engineering, chemicals and glass group and the second largest industrial company in the country, to-day reported a sharp fall in net consolidated profits from Fr.704m. to Fr.120m. (about £14m.) in 1975. This is Fr.4.28 per share compared with Fr.25.08 in 1974.

The results are, nevertheless, better than forecast. At the beginning of this year, M. Roger Martin, the chairman, estimated that profits might be as low as Fr.90m.

Net sales, though slightly up in money terms—Fr.21.2bn. against Fr.20.9bn.—were not sufficient to compensate for a rate of inflation of nearly 10 per cent.

Of the group's seven major divisions, only piping and engineering—up from Fr.121m. to Fr.148m.—and contracting and services—up from Fr.8m. to Fr.34m.—saw profits growth. Construction materials were down from Fr.225m. to Fr.42m., packaging Fr.127m. to Fr.28m., refractory products Fr.38m. to Fr.20m., distribution Fr.36m. to Fr.34m. and finance and miscellaneous Fr.165m. to Fr.22m.

Total investments in 1975 also registered a sharp drop from Fr.2.6bn. to Fr.1.76bn. Investments in new plant and equipment alone fell from Fr.1.9bn. to Fr.1.3bn., while investment in new shareholdings were down from Fr.691m. to Fr.429m.

Long-term debt at end-1975 came to Fr.5.4bn. against Fr.4.9bn. at end-1974.

After the serious recession of 1974-75, the group is confident of a substantial growth in turnover this year, which could well be higher than the 10 per cent. forecast by the chairman in his January letter to shareholders. Because of the weakened financial position of the group, and the spare capacity of several of its divisions, capital expenditure in 1976 is expected to be down on 1975's figure.

Bank of Montreal to raise $C53m. by rights issue

FINANCIAL TIMES REPORTER

THE BANK of Montreal is to raise $C.53m. through a rights issue of one-for-nine at $14 per share.

Announcing the move, the chairman and chief executive, Mr. Fred H. McNeil, also disclosed that the Canadian Government's anti-inflation Board has approved a 1c increase in the quarterly dividend to 25 cents.

For the first six months ended April 30, 1976, the balance of revenue rose from $C.81.4m. to $C.97.6m., with the second quarter contributing $C.46.6m. ($C.45m.). The first quarter's figure was $C.51m.

Net after-tax revenue was $C25.6m. in the second quarter quarter (Can$23.3m.) and ($C23.3m.) and $C28m. in the first three months.

Mr. McNeil attributes the revenue drop between the first and second quarter to narrower interest spreads and higher costs, particularly wages.

Demand for bank credit has been exceptionally strong during the first half-year, increasing the bank's reliance on relatively higher cost money market funds in order to meet the needs of customers, he says.

Mr. McNeil says that since the last rights issue in 1969, the bank's assets have increased nearly threefold to $C19,777m. The continuing growth in the bank's business makes it desirable to enlarge its capital base, he adds.

Sony sees record profit

TOKYO, May 19.

SONY CORP may be able to report record net income for the 1976 fiscal year to October 31, exceeding that of $84.6m. in 1972/73, a company spokesman said.

The company reported net income of $53m. for 1974/75, a decline of 35 per cent. from 1973/74's figure of $83.3m.

Sony will certainly have to revise upwards its original forecast of a 25 per cent. increase in income for the current year, he said.

Since the first quarter of 1974/75, when Sony's net income showed a decline of 48 per cent. over the previous year, the rate of year-to-year decline narrowed to 39 per cent. in the first half, 36 per cent. in the first nine months, and 35 per cent. in the full year.

The decline turned into a year-to-year increase of 18 per cent. in the first half of the current year.

Reuter

GKN/SACHS

GKN to appeal on decision

BY NICHOLAS COLCHESTER IN BONN AND MARGARET REID IN LONDON

GUEST KEEN Nettlefold has still not decided how it will appeal against the unprecedented decision made by the Federal Cartel Office against the proposed Sachs AG takeover.

The decision by the West German Cartel Office to block Guest, Keen and Nettlefolds' takeover of 75 per cent. of Sachs AG marks a radical new departure in the application of German monopoly law. This is made clear in justification of the veto issued by the Cartel Office to-day, and it is also the basis of the appeal against the ruling that GKN will now make.

The Cartel Office claims that "the considerably increased financial strength of the combined companies would widen the latitude of action of Fichtel and Sachs in comparison with actual and potential competitors" in the German market for motor vehicle clutches.

This argument that a market-dominating position can be increased by financial re-inforcement is the only reason that the Cartel Office cites for its ruling. The office says that this is the first time it has ever blocked a merger for this reason alone.

Fichtel and Sachs is described as having an 80 per cent. share in the market for car clutches. Such clutches are said to account for 36 per cent. of Sachs AG's turnover of about DM1bn. The cartel office says that the German motor industry manufacturers only a small quantity of its own clutches, and that when these are taken into account Fichtel and Sachs still commands more than two thirds of the market.

A key counter-argument for GKN is that the German clutch market is dominated more by the small number of motor companies that buy the clutches than by the companies that make them. It is the ability to win a steady supply contract with a motor company that is the decisive pre-condition for any company aspiring to move into clutch manufacture, the British company argues. The Cartel Office dismisses this consideration in to-day's document, but does not justify this standpoint.

Gunther Sachs, one of the two Sachs brothers, and Barrie Heath, chairman of GKN.

GKN may decide, with Sachs AG, the holding company of Fichtel and Sachs to appeal through the courts, thus implying that the two would concentrate on a legal attack on the ruling.

The alternative would be to appeal to the economics ministry which has powers to reverse such decisions. Sources within this ministry suggest that such an appeal would not be sympathetically received. Yet other government sources, with a more political point of view, argue that such an appeal might indeed have a chance.

It is reliably reported that the British Government has made representations to the German authorities on GKN's behalf through the British Embassy in Bonn. The embassy refused to comment on this matter, but did not deny that such efforts had been made.

Guest Keen and Nettlefolds in London, was last night considering the way in which it will appeal against the order of the German Federal Cartel Office.

The alternatives open to GKN are to contest the ruling in the special Appeal Court, the Kammergericht, or to appeal to the Federal Minister of Economic Affairs for special permission to proceed with the deal. But neither approach appears to exclude the other according to GKN.

AT & T's largest ever public equity sale

BY JAY PALMER

NEW YORK, May 19.

AMERICAN Telephone and Telegraph has announced plans to sell 12m. new Common shares to the public in the middle of June. At the huge telephone giant's current share price, the planned offering would raise over $685m. in new capital and rank as the largest single equity sale ever seen direct to the public in the New York stock market.

In terms of non-public equity sales offered only to existing shareholders, AT and T holds the all-time size record. In 1964 the company raised $1.2bn. through a rights issue. The coming public sale exceeds in size the $640m. when the Ford Foundation sold its Ford Motor shares and the $530m. raised by Mr. Howard Hughes when he sold his 75 per cent. stake in Trans World Airlines.

The proposed sale, which will increase AT and T's equity by only 2 per cent., will be only its second-ever such offering direct to the public. Last October the company raised a then all-time record $531m. in new equity capital by selling 12m. shares in the market. Before then the company had been bound to give shareholders first rights.

AT and T did not disclose in its announcement the identities of its scheduled underwriters for the offering. However, last autumn, when about two-thirds of the sale was snapped up by the public and the rest by leading institutions, the offering was made through a consortium headed by Morgan Stanley and included Merrill Lynch and Salomon Brothers. The collective underwriters' fee was $21m. before tax.

While the news of the impending sale dropped the company's shares $1 to $57½, the largest institutions had been anticipating such a move and generally immediate reactions seemed favourable. Although there was a general feeling that this return to the market was a bit ahead of expectations, few doubted that the offering would be a success especially since concern over the Justice Department's anti-trust investigation into the company has died down.

There was also some speculation that A and T's decision to raise this funding in the equity market would remove some new supply pressures from the flat bond market. The company recently disclosed that it had increased projected 1976 new capital needs to $10.4bn., about $5.2bn. of which would come from outside financing. To date $850m. has been raised this year.

Looking further ahead and, to some extent a direct reflection of the sharp improvements in share prices over the last 15 months, AT and T has said it plans to cut its debt-to-equity ratio from the present 49 per cent. to 45 per cent. Such a move towards equity fund raising ties in with New York Stock Exchange predictions that the next few years will see between $20bn. and $25bn. raised by U.S. companies every 12 months.

IRI may buy Levante

BY JOHN WYLES, SHIPPING CORRESPONDENT

IRI, THE Italian State holding company is negotiating to purchase the controlling shareholding belonging to the bankrupt shipping company Villain and Fassio in Levante and Europa, Italy's leading marine insurers.

If the purchase goes ahead the shares will give the Italian State its first direct holding in marine insurance. As limited liability companies Levante and Europa's trading position is unaffected by the bankruptcy and any possible liquidation.

Villain and Fassio had a 93.4 per cent. holding in Levante which in turn owns 85 per cent. of Europa, the other 15 per cent. belonging to the shipping company. Most of these shares are currently being held by the Banca Popolare di Novara and the Cassa di Risparmio di Genoa.

Villain and Fassio were declared bankrupt from April 28 on an application by IMI, the State banking corporation, after the company had failed to meet its loan obligations. Immediately afterwards, Sra Franca Tommellini Fassio, the company's president, was arrested on a variety of charges including misappropriating social security payments.

Meanwhile, Sr. Alberto Cavallo, managing director of Levante, stressed in London yesterday that his company had suffered minimal losses as a result of the collapse of Villain and Fassio. The shipping company's business was less than 5 per cent. of Levante's premium income which last year totalled around £20m.

Record profits at Daimler-Benz

BY NICHOLAS COLCHESTER

BONN, May 19.

DAIMLER-BENZ of West Germany to-day announced record profits for the year 1975 of DM310m., up from DM269m. in 1974, and said that it would raise its dividend from DM7.50 per DM50 share to DM8.50. The news rounds off an extraordinary year for the company, whose figures provide no hint that a world economic recession existed.

In the first four months of the current year the company's car production rose by 4.4 per cent. to 120,500 units, while its German lorry factories boosted their output by 10.9 per cent. to 65,100 units. The turnover of the home based Daimler-Benz companies rose for this period from DM5.5bn. to DM6.3bn. Last year's total sales for the domestic group were DM17.1bn., of which DM8.2bn. went abroad.

The profits announced to-day exceed the forecast in February, when it was suggested that Daimler-Benz's earnings would return to around their 1973 levels of DM277m.

The total dividend payment for 1975 will be DM202m., or 1.1 per cent. of the company's total turnover for the year. This will still allow DM108m. to be channelled into reserves, compared with DM91m. in 1974.

The chairman of the supervisory board of Daimler-Benz, Herr F. H. Ulrich, will retire after the shareholders' meeting on July 16. He will be replaced, if shareholders elect him, by Dr. A. Herrhausen of Deutsche Bank.

Malaysia approves London Tin deal

KUALA LUMPUR, May 19.

THE MALAYSIAN Foreign Investment Committee (FIC) has approved proposed arrangements for the Malayanisation of London Tin Corporation Ltd.

FIC secretary, Inche Shaharuddin, told Reuter the committee has no objections to the proposal, under which London Tin would be taken over by a jointly-owned Malaysian subsidiary of Pernas Securities and Charter Consolidated.

Informed sources said arrangements have also been completed for financing the planned take-over offer. All necessary finance would be raised in Malaysia.

They said Pernas has so far received no indication whether Haw Par Brothers International, 30 per cent. shareholders in London Tin, will accept the proposed arrangements.

Haw Par is in a position to block the whole scheme if it wishes to do so, they said.

In Singapore, Haw Par declined to make any comment relating to its London Tin holding.

Sources close to the company said it had not yet decided what course to take. Its next Board meeting is due next week, they added.

Sources said irrespective of the of the problem over Haw Par, a lot of work still needed to be done in London on the proposed scheme of arrangement.

Pernas' advisers have had to abandon an initial timetable which aimed at obtaining shareholders' approval and final legal sanction for the scheme in the U.K. before the start of the U.K. court's summer vacation.

A final go-ahead cannot therefore by expected before the end of October unless the courts are willing to appoint a judge to sit during the three month vacation period, which starts at the end of June, they said.

The sources said the proposed scheme envisages the transfer of London Tin to the joint Pernas Charter company, New Tradewinds, in two stages.

In the first stage a non-quoted Malaysian "mirror company" would be set up. London Tin shares would then be exchanged by their holders for shares in this "mirror" company on a one-for-one basis.

In the second stage New Tradewinds would purchase the shares of the "mirror" company on the terms indicated in April.

These would make the offer worth about 197 3-16p per share to U.K. shareholders, in line with the London Takeover Panel ruling, through the use of investment currency for the deal, the sources said.

But non-U.K. shareholders and Haw Par which, because of the size of its stake, is classified as a direct investor in London Tin, would not be eligible for dollar premium payment; and would receive only about 130p per share.

Haw Par appears to have four options open to it, the sources said.

Its 30 per cent. holding is large enough for it to block the special resolution required from London Tin shareholders to carry out the first step in the scheme of arrangement. Alternatively it could accept the arrangemnt on the proposed terms.

It could also try to obtain better terms for itself, either by placing its holding in the London market or by seeking a special arrangement with Pernas.

Permission to place Haw Par's shares in the London market would require a concession from the Bank of England on its normal dollar premium rules.

The sources said Haw Par's London advisers are believed to have negotiated this.

Using this route Haw Par could probably get about 175p per share from buyers who would be in a position to obtain the full 197 3-16thp., the sources said.

Billiton, Hoogovens aluminium partnership to end

BY MICHAEL VAN OS AND RHYS DAVID

BILLITON, part of the Shell group, is to break up its partnership with Hoogovens, the Dutch metals group, in Holland Aluminium, in a move to reduce its involvement in the consumer end of the aluminium market. The company is also selling its 15 per cent. stake in Sidal, a Belgian-based manufacturer of aluminium semi-finished products.

Hoogovens, part of the Dutch-German Estel steel combine, and Billiton set up Holland Aluminium in 1969 and the company now operates a 106,000 tonnes per year smelter in the north of the country. In addition Hoogovens holds some 46.5 per cent. of Sidal in which the French company Pechiney holds a 38.5 per cent. stake, with Billiton holding the remaining 15 per cent.

The split has come about as a result of a difference between the two partners over future deployment of resources. Hoogovens as a metals group is in favour of integration from metal production to the marketplace but with aluminium producers around the world, including Holland Aluminium, suffering badly from the recession in the past year, Billiton has apparently decided it would prefer to concentrate on the less cyclically vulnerable raw materials end where it has traditionally been strongest. Losses incurred by Estel on its aluminium operations in 1975 are put at Fl.45m.

The unscrambling of the partnership is due to be completed during this year or early next and the shares will be transferred to Hoogovens, though it is likely a new partner for the venture will be sought.

One possibility could be further co-operation between Hoogovens and Pechiney, the new joint owners of Sidal, one of the big European semi-fabricators with a total capacity of around 200,000 tonnes a year. Pechiney is already the biggest aluminium producer in the Netherlands through its Pechiney Nederlands smelter, currently 187,000 tonnes capacity and due to be expanded to 281,000 tonnes.

Hoogovens said yesterday that the possibility of opening talks with one or more partners was being studied but it was too early to state what might emerge from these talks.

Billiton, which was acquired by Shell in a diversification move in 1970, will free resources, as a result of the withdrawal, for use in connection with its raw material interests. The company is engaged in bauxite projects in Surinam, Australia and Brazil and acquired Holland Aluminium's small bauxite interests in Australia in 1973. Since then the company has been responsible for supplying Holland Aluminium with its raw material needs.

Meanwhile, Alcoa yesterday brought into production its new power-saving Alcoa smelting process (ASP). The startup took place at Alcoa's new Anderson county works, seven miles north-east of Palestine, Texas.

ASP cells use 30 per cent. less power than to-day's most efficient potlines and the process has the additional advantage of being free of fluoride emissions.

The plant's unique enclosed smelting system was developed by Alcoa during 15 years of research and experimentation and its use marks the introduction of the only new method for making aluminium since the advent of the Hall process 90 years ago. The plant's ultimate design capacity is 270,000 tonnes of primary aluminium annually but will initially produce some 13,500 tonnes.

The process is an electrolytic method which, like the Hall process, uses alumina as its starting material. The alumina is combined with chlorine in a reactor unit, which chemically converts the aluminium oxide to aluminium chloride. The aluminium chloride is then processed electrolytically in an enclosed cell which separates the compound into molten aluminium chlorine. The chlorine is continuously recycled to the reactor in a "closed loop" operation.

American Airlines turnround

AMERICAN Airlines has reported net profits of $5.21m. for the month of April (losses $3.13m.), reducing the first four months losses to $3.63m. (losses $23.43m.).

April revenue was $160.57m. ($128.65m.) and for the four months $690.9m. ($511.5m.).

The comparable 1975 results have been restated to reflect the change in depreciation policy for its Boeing 727 fleet and elimination of a reserve for certain uninsured risks.

Publicitas downturn

OWING to a decline in the placing of situations-vacant advertisements, the leading Swiss advertising and placing agency Publicitas Sa. of Lausanne suffered a 10.6 per cent. drop in turnover last year to an unspecified figure.

Net profits fell 2.3 per cent. to SW.Frs.5.15m., writes John Wicks. The company is paying unchanged dividends of 10 per cent. on shares and SW.Frs.30 per dividend certificate.

GO revenue plunge

GENERALE OCCIDENTALE SA. has reported net revenue of 12.5m. francs for nine months ended March 31 against 23.4m. francs previously.

First quarter 1976 net turnover of subsidiary Generale Alimentaire Sa was 693m. francs (592m.).

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	103	104
Ashland 8pc 1987	94	95
Austrasswiss 8pc 1987	93	94
BFCE 8½pc 1983	98	99
CNE 8½pc 1985	100	101
Conoco 8pc 1986	99	100
ECS 9½pc 1986	99½	100½
EIB 9½pc 1995	101½	102½
Erap 9½pc 1995	101	103
Esso 8pc 1986 Nov.	100	101
Eurofima 8½pc 1983	98½	99½
Granges 9½pc 1985	101	102
Massey 9½pc 1982	102	103
Michelin 9½pc 1986	99	100
Modo 9½pc 1983	99	100
Newfoundland L. 9½pc 1986	102½	103½
New Zealand 9½pc 1982	102	103
Norpipe 9½pc 1986	99	100
Norsk Hydro 9½pc 1995	100½	101½
Oslo 9pc 1988	99	100
Pacific Light 9pc 1985	94	95
Prov. Quebec 9pc 1984	100	101
Scanraft 8½pc 1988	99½	100½
SFE 9pc 1983	99½	100½
Shell 8pc 1986	99	100
Stand. Oil (Ind.) 8½pc '88	102	103
Svenska Handels 9½pc 1986	99½	100½
Volvo 9½pc 1985	101	102
NOTES		
Barclays 9½pc 1982	101	102
British Gas 9pc 1981	100	101
Charbonnages F. 8½pc 1981	98	99
Denmark Mort. Bk. 9pc '83	99	100
ECS 8½pc 1981	99½	100½
EEC 8½pc 1982	97	97½
Electricity Col. 8½pc 1981	98½	99½
Montreal 9½pc 1985	101½	102½
Nippon Steel 9½pc 1980	101	102
Norway 8½pc 1981	100	101
Prov. Quebec 9½pc 1981	99½	100½
Seagram 9pc 1983	101	102

Source: White, Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81½	83½
Ashland 5pc 1988	85	87
Beatrice Foods 4¼pc 1992	95	97
Beatrice Foods 4½pc 1992	105½	107½
Borden 5pc 1992	97½	99½
Broadway Hale 4¼pc 1987	77½	79½
Canon Camera 7½pc 1989	136	138
Carnation 4pc 1987	80½	82½
Chevron 5pc 1988	113	115
Dart 4¾pc 1987	80	82
Eastman Kodak 4½pc 1988	111½	113½
Economic Labs. 4½pc 1987	80½	82½
Fed. Dept. Stores 4½pc '85	121	123
Firestone 5pc 1988	89	91
Ford 6pc 1986	99	101
Ford 5pc 1988	87½	89½
General Electric 4¼pc 1987	86	88
Gillette 4¾pc 1987	77½	79½
Gould 5pc 1987	86	88
Gulf and Western 5pc 1988	93½	95½
Harris 5pc 1992	83	85
Honeywell 6pc 1986	83½	85½
ITT 4½pc 1987	77½	79½
Komatsu 7½pc 1990	105½	107
J. Ray McDermott 4¾pc '87	135½	137½
Mitsubishi Elec. 7½pc 1991	103	104½
Mitsui 7½pc 1990	101	102½
J. P. Morgan 4½pc 1987	112	114
Nabisco 5½pc 1988	92	94
Owens Illinois 4½pc 1987	109	111
J. C. Penney 4½pc 1987	81	83
Pioneer 6½pc 1989	290	295
Revlon 4½pc 1987	98	100
Reynolds Metals 5pc 1988	86	88
Sperry Rand 4½pc 1987	98	100
Squibb 4½pc 1987	76½	78½
Texaco 4½pc 1988	80	82
Toshiba 6½pc 1988	108	109½
Union Carbide 4½pc 1982	124	126
Warner Lambert 4½pc 1987	86	88
Warner Lambert 4½pc 1988	81	83
Xerox 5pc 1988	75½	77½

Source: Kidder Peabody Securities.

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COMPANY NEWS

Reasonable start by Taylor Woodrow

PERFORMANCE AT Taylor Woodrow in the early months of 1976 has been reasonable, but there seems little prospect of an improvement over trading difficulties in the immediate future, states Mr. R. G. Puttick, chairman.

It would be imprudent, in today's conditions, to forecast a trading result for the year, he adds.

As known, turnover during 1975 increased by 44 per cent. to £330m. and pre-tax profit was up by 41.1 per cent. to £14.77m. Dividends are raised from 4.7234p to 5.0414p net—for the current year the directors have already forecast a payment of 6.8p on capital increased by the proposed one-for-five Rights issue to raise £8.93m.

A geographical analysis of 1975 turnover and profit shows: Australia £9m. and £721,000, Far East £15m. and £1.63m., North America £24m. and £2.8m., Middle East £43m. and £3.43m., Africa £21m. and £805,000, Europe £9m. and £209,000. U.K. £209m. and £5.15m.

Because of inflation a provision of £500,000 for additional payment to the group pension fund has been made.

Earnings in overseas operations again made an "outstanding contribution" to 1975 results.

Referring to the property company, Mr. Puttick reports that the consolidation policy continued, and particular emphasis was placed on improving management techniques, especially in shopping centres owned.

In the largest project, St. Katharine-by-the-Tower, substantial areas have been let to major tenants; homes for the Greater London Council have started and the marina has been extended and is "increasingly well used."

A statement of the year's source and application of funds shows the excess of funds amounted to £12.05m. compared with £4.35m. the previous year. At end December 1975 liquid funds stood at £18.21m. against £5.27m.

Chairman's statement Page 21

DOMINSAINT

Proceedings under a winding up order made on April 13 against Dominsaint Developments have been, by consent, stayed. The Judge was told in the High Court that the company had paid a debt to the Inland Revenue who had brought the petition.

Wheway Watson £0.83m.

Compared with a forecast of "*not less than £725,000*" profit before tax, of Wheway Watson Holdings turns out to be £833,000 for the year ended April 2, 1976, compared with £850,000, after rising from £322,226 to £431,440 in the first half. Year-end sales totalled £10.17m., against £7.89m.

Profit is struck after depreciation up from £202,000 to £243,000, interest charges of £241,000, against £158,000, and a special payment of £90,000 (nil) to the pension scheme. Tax takes £431,000 (£455,000).

The directors say that the company has ended the year "in a strong liquid position." It's business is that of chainmakers, engineers and forgers.

Final dividend is 0.44p net—as forecast—making a total of 0.715p, compared with 0.53149p. Treasury permission has been obtained.

Atlas Electric more hopeful

Estimates at Atlas Electric and General Trust show that there should again be some increase in franked income this year, report the directors.

Foreign income continues to improve, aided by the fall in sterling, but the balance of unfranked income will mainly depend on movements in short-term interest rates and the degree to which assets are in cash.

Although the outlook is full of uncertainty and problems "it is more hopeful than a year ago," members are told.

As reported on May 14, total income increased from £3.27m. to £3.72m. in the year to March 31, 1976, including franked income up from £1.98m. to £2.34m. Pre-tax revenue rose from £2.47m. to £2.83m. and the total dividend is lifted from 1.15p to 1.3p net per 25p share. The 20 largest investments represent 32.5 per cent. of the portfolio.

A statement of source and application of funds shows a decrease in liquidity of £5.89m. (£2.24m. increase) relating mainly to a drop in cash and short-term deposits.

Portsmouth Sunderland Newspapers

A PRE-TAX profit rise from £407,251 to £781,259 in the second half at Portsmouth and Sunderland Newspapers lifts the year-end total (to April 3, 1976) from £1,147,251 to £1,222,259. Turnover improved from £7,141,439 to £8,777,262.

Earnings per 25p share are shown to be up from 6.2p to 7.5p and dividends are raised from 2.346p to 2.551714p net, with a final of 1.6767714p.

Tax charge for the year was £613,175, compared with £635,230, leaving £609,084 against £512,021 net.

APPOINTMENTS

Two main Board posts at Abbey National

Mr. Hugh Rees and Mr. Jeremy Rowe have been appointed directors of the ABBEY NATIONAL BUILDING SOCIETY from June 1. Mr. Rees is a chartered surveyor in South Wales and is also a member of the Economic and Social Committee of the EEC. He has been chairman of the Abbey National Welsh Advisory Board since its inception in 1970. Mr. Rowe is deputy chairman of London Brick Company.

★

Sir Archibald Forbes, former chairman of Midland Bank, is to retire from the Board of DUNLOP HOLDINGS after the annual meeting on June 14.

★

Mr. Richard Brewster has been appointed financial director of GILTSPUR ENGINEERING GROUP. He retains his position as financial director of Giltspur Bullens Freight.

★

Mr. P. B. F. Emmerson has been appointed chief manager of LLOYDS BANK overseas department. Mr. P. D. Oldham becomes an assistant chief manager.

★

Sir *Monty Prichard* has been elected a director of BROWN BROTHERS CORPORATION.

★

Mr. David T. Allen has been appointed to the Board of EGGAR FORRESTER (HOLDINGS). Mr. Timothy D. Chater has joined the *Board of Eggar Forrester Ltd.*

★

Mr. R. A. Dickinson has been appointed to the main Board of FISHER GROUP and continues as *secretary.* Mr. A. Mathieson joins the Board of Fisher Group Scotland as a director and general manager, and Mr. J. D. Exell has been made an associate director of Fisher Group London, with special responsibility for sales.

★

Mr. James E. Apted has been *appointed managing director* of OLIVER PELL CONTROL in succession to Mr. G. F. N. Oliver who has retired but remains on the Board in a non-executive capacity.

★

Mr. Duncan J. MacLeod has been appointed to the Board of the SCOTTISH PROVIDENT INSTITUTION. Mr. MacLeod is a *director of the Bank of Scotland* and a partner of Whinney Murray and Co.

★

Mr. S. D. H. Mosey has been appointed managing director of EBONITE CONTAINER, a non-divisional company within Guthrie Industries Europe.

★

Mr. Walter Farren has been *appointed deputy managing* director of BACOL INDUSTRIES.

★

Mr. M. A. Allbutt, Mr. M. E. Kerry, Mr. M. A. Kirkham, Mr. W. G. Meredith, Mr. O. S. L. Ottley and Mr. J. S. Ramsbottom have been appointed directors of AUDITS OF GREAT BRITAIN from June 1.

★

Mr. Alan S. Dick has been appointed a director of GREEN-CROWN PACKAGING, a new British company of Wipak of Finland.

★

Lord Grey of Naunton has become chairman of the ROYAL OVER-SEAS LEAGUE. He succeeds Marshal of the RAF, Lord Elworthy, *who has been chairman* since 1971.

★

Mr. J. Doull has been appointed deputy secretary, MIDLAND BANK, in succession to Mr. J. H. Fegarty who has been made group liaison manager (international), international division.

★

Mr. Warner Heineman has been appointed a vice-chairman of UNION BANK, Los Angeles. He was formerly executive vice-president in charge of the international division.

★

The BADGER COMPANY, INC., a Raytheon company, has *appointed Mr. J. E. Quinn* as director of project finance. He will be based in the London office.

★

Mr. R. E. Utiger, managing *director of British Aluminium*, has been elected chairman of the INTERNATIONAL PRIMARY ALUMINIUM INSTITUTE.

★

Mr. John R. Williams has become company secretary of JAMES BUCHANAN & CO.

★

At the annual meeting of BUNZL PULP AND PAPER to be held on June 15 it is proposed to alter the permitted maximum of directors of the parent company from 11 to 15 and to make the following appointments to the Board: Sir Jan Lewando, Mr. P. D. M. Gell (managing director, Wycombe Marsh Paper Mills) and Mr. J. H. R. Schmidt (general-director, Bunzl and Biach AG).

★

Mr. Christopher Stanton has joined the Board of GRANADA GROUP as financial director. Mr. Joseph Warton, who for many *years has been financial director* and a deputy chairman, continues as a full-time executive deputy chairman.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Little change in unsettled market

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 19.

LITTLE CHANGE was recorded on Wall Street to-day, when President Ford's victory in the Republican Presidential primary in Michigan was offset by continued investor concern over the less accommodative monetary policy of the Federal Reserve System and the belief that it will drive up interest rates.

The Dow Jones Industrial Average shed 0.55 to 988.90 and the NYSE All Common Index eased 1 cent to $53.91, while advancing issues edged declines by 696-to-689. Trading volume further expanded 1.04m. shares to 18.45m.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing prices	Change on day
Amer. Tel. Tel.	343,100	55⅞	−1⅞
Engelhard Min.	239,900	33⅞	+⅛
NLT	219,800	18½	−¼
Sony	178,400	9¼	+⅛
McDonalds	177,600	56	−1⅞
Pennzoil	172,900	31½	+1
General Motors	169,500	70⅞	+1
Eastern Air	161,000	9⅞	—
Norton Simon	160,000	19	—
Tenneco	152,700	29½	+⅛

Analysts said market sentiment also was dampened in part by the big fall in American Telephone and Telegraph, the most widely held issue, which dropped $1½ to $55⅞. It filed with the Securities and Exchange Commission the previously announced plan for a public offering of 12m. Common shares on, or about, June 16.

In the day's economic news, the Commerce Department said U.S. personal income rose by 0.9 per cent. in April from an upward-revised 0.8 per cent. in March.

Fansteel gained $1½ to $23⅜—H. K. Porter raised its offer to buy Fansteel Common to $23.50 a share from $17 a share.

Briggs and Stratton further advanced $2¼ to $58¼ on its two-for-one stock split.

Boeing climbed $1⅞ to $38¼ and Raytheon added $1 at $53 on favourable comment.

But Federated Department Stores fell $2⅞ to $47⅛, following "flat" first quarter per share earnings.

Digital Equipment lost $1⅞ to $163½ and McDonald's were down $1⅞ to $56.

International Minerals and Chemical picked up $1 to $34 on a raised dividend.

Elgin National jumped $4¼ to $38⅞, while Pennzoil rose $1 to $31½.

Motors and Steels were mixed.

Federated Department Stores were down $2⅞ to $47⅛ — it reported little change in 13-week May 1 net earnings.

Central and South West were off $⅞ to $14¼ — it forecast higher 1976 pre-share net earnings but also said it may sell about 5m. Common shares this year and filed for 250,000 Preferred shares.

Big Three Industries moved ahead $1 to $73½, following a two-for-one stock split.

International Minerals and Chemical rose $1 to $34 on a raised dividend to 60 cents quarterly from 50 cents.

Value Index moved up 0.24 to 104.67, but declines led advances by 331 to 280. Turnover amounted to 2.03m. (2.28m. shares).

OTHER MARKETS

Canada again mixed

Canadian stock markets continued mixed in moderate trading yesterday morning, although the Western Oils Index moved up 3.59 to 243.28.

Imperial Oil gained $⅞ to $25⅞, Pacific Petroleums rose $⅞ to $32⅞, and Gulf Oil Canada advanced $½ to $32⅞. Dome Petroleum were lifted $1¼ to $42.

B. C. Sugar rose $1 to $22, but Moore fell $⅞ to $44⅞.

PARIS—Slightly lower in quiet end of Account trading.

Some sectors eased, but Engineerings, Banks, Foods, Rubbers and Transporations were mixed.

In the Foreign sector, Americans were lower, Germans fell while Dutch shares were mixed. International Oils were slightly lower. Golds were steady while Coppers were easier.

BRUSSELS — Declines predominated in quiet end-Account trading.

Metals were mostly lower, Steels eased. Chemicals were mixed, Oils gave ground, while Holdings finished narrowly irregular.

Among mixed U.S. stocks, Boeing rose Frs.30 to 1,070. German, Dutch and French shares declined, while South African Gold Mines were steady.

AMSTERDAM—Generally easier in quiet trading, although Dutch Internationals were mixed.

Unilever rose Fls.1.20 to 126.5 ahead of its first quarter figures.

State Loans were mixed to lower.

SWITZERLAND—The upward trend of the last two sessions slowed in brisk trading.

Financials and Insurances were mixed, while Industrials and Chemicals gained ground.

State Bonds were quietly steady.

In the Foreign sector, Dollar stocks traded in a narrow range. Dutch Internationals were fairly steady, while Germans edged lower.

GERMANY—Lower on lack of investor interest, caused partly by continued weakness in the Bond market.

Banks were all lower, Electricals lost ground, Chemicals weakened, Machine Makers were mixed to lower, losses predominated in Steels and Metals all declined.

Minings were mixed to lower. Utilities mostly lost ground. Stores were predominantly lower while Breweries were about steady.

Motors were slightly weaker. Daimler shed DM0.50 before its announcement of a proposed dividend rise.

Public Bonds lost up to DM0.40, but trading was thin and the Authorities bought a nominal DM12m. of stock. Mark Foreign Loans also fell.

COPENHAGEN — Generally higher in fair dealings.

OSLO—Bankings were firm, Insurances quiet, Industrials steadier.

MILAN—Most prices rallied at the start of the new Account, thus halting a series of five consecutive sharp downward sessions.

Gains ranged from 2 to 3 per cent. and chiefly resulted from demand by the Bank of Italy and by some State Banks. Also some speculative activity was noted but trading was again generally slow.

VIENNA—Quietly steady. Constructions were inclined easier, but other sectors were little-changed.

HONG KONG—Mild rally in decreased trading.

Hong Kong Bank were up 30 cents to $HK18.50, Hong Kong Land 10 cents to $HK6.90, Hutchison 7½ cents to $HK2.775, Wheelock "A" 2½ cents to $HK2.275, Jardine 30 cents to $HK20.30 and Swire Pacific "A" 15 cents to $HK8.60.

TOKYO — Modest recovery. Volume 130m. (140m.) shares.

"High-priced" Light Electricals improved as did Motors, and some Machineries.

Nissan Motor added Y9 at Y509 on the marketing of a new truck in the U.S.

Toshiba rose Y6 to Y142 on a thermal power plant order from Canada.

But Kitagawa Iron Works gave way Y5 to Y118—it will pass its dividend for the year ending September 20, due to an anticipated loss.

Constructions, Foods, Textiles and "big" capital shares were generally easier.

JOHANNESBURG—Gold shares were easier towards the close on London selling. Financial Minings also were easier in places.

Coppers were firmer. In Platinums, Bishops lost 7 cents to R163.

Industrials were quietly steady although market leaders were generally firmer.

AUSTRALIA — Mixed trend, with several key Industrials firmer but Base Metals were generally weaker.

Poseidon rose 5 cents to $A2.30 and WMC 3 cents to 1.69.

Among Base Metals, B.H. South shed 2 cents to 1.82 and MIM 6 cents to 2.60.

AAR put on 5 cents to 1.25, Thiess 2 cents to 2.47 and Oakbridge 4 cents to 81 cents.

ACI moved up 18 cents to 1.50 —it reported a 31 per cent. profit downturn for the year to March but indicated that things were going better for the widely diversified group.

BHP firmed 6 cents to 7.56 after reporting its April production. CSR held at 4.60, although it gained a 25 per cent. interest in a Newcastle coal loader.

Sugars were better on the forecast of a good harvest from Bundaberg.

Breweries improved, but Tobaccos and Retailers were uncertain.

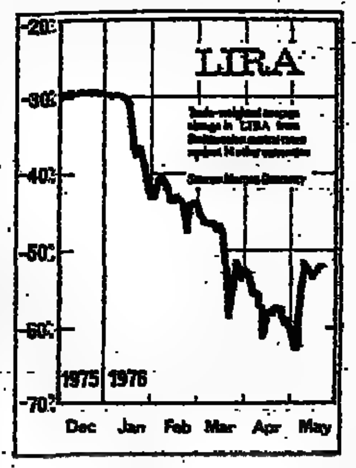
£ and $ weaker

Sterling and the U.S. dollar both lost ground in a generally featureless foreign exchange market yesterday. The pound remained nervous over the outcome of the miners' ballot next week, to decide whether or not to accept the phase two incomes policy. Sterling was also affected earlier on in the day by small but persistent amounts of selling through Switzerland, although the effect this had was rather exaggerated by the thin trading conditions. The trade-weighted average depreciation of the pound, as calculated by the Bank of England, widened to 37.9 per cent., equalling the worst ever level at the close. The depreciation had slid to 37.9 per cent. by noon, before standing at 37.6 per cent. in early dealings, unchanged on Tuesday.

In terms of the U.S. dollar, sterling opened at $1.8115-1.8125 and by mid-day had eased back to $1.8070-1.8080. Afternoon trading saw the pound down to $1.8035-1.8045, before recovering at the close to $1.8080-1.8090, a fall of 25 points on the day. The U.S. dollar lost ground to major currencies, and it was thought in some quarters that Monday's sharp rise in reaction to firmer interest rates, may have been overdone. The trade-weighted depreciation of the dollar, as calculated by Morgan Guaranty of New York, on noon rates, widened to 1.65 per cent. from 1.53 per cent.

The Swiss franc moved sharply firmer, recording large gains in particular over the West German mark and the dollar. The Swiss franc finished at Sw.Frs.2.4945 against the dollar, from the previous Sw.Frs.2.515, with its average appreciation improving to 40.07 per cent. from 39.33 per cent.

Gold lost $1 an ounce to close at $126¾-127. The premium of the Krugerrand over its gold content widened from 3.23 per cent. domestically, and 3.04 per cent. in international dealings to the common close of 3.46 per cent.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	May 19	May 18
Sterling	0.634595	0.634522
U.S. dollar	1.14664	1.14665
Belgian franc	45.1626	45.2066
Deutsche mark	2.95128	2.96587
French franc	5.41710	5.42598
Italian lira	970.169	972.687
Japanese yen	343.192	342.887
Dutch guilder	3.13087	3.13616
Swedish krone	5.07614	5.08144
Swiss franc	2.87593	—

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

May 19	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfu't	—	2.5745-60	54.42-50	6.530-535	4.641-649	94.27-32	102.56-68
N. York	38.94-97	—	21.25-28	2.546-550	1.8110-8120	36.67-70	40.11-15
Paris	183.40-80	4.7185-7285	—	11.99-.015	8.517-542	172.85-.25	188.20-40
Brussels	15.26-30	39.35-39	8.53-54	—	71.06-30	14.40-44	15.65-69
London	4.641-654	1.808-809	8.52-53	71.0-20	—	4.95-84	4.501-512
Am'rd'm	108.015-065	2.7287-7312	57.755-795	6.9325-75	4.9255-30	—	108.775-825
Zurich	97.06-24	2.485-498	52.97-53.03	6.355-365	4.5045-5130	91.94-75	—

U.S. $ in Montreal. U.S. $=97.94-98.88 Canadian cents.
Canadian $ in New York. C$=102.12-14 U.S. cents. U.S. $ in Milan 844.50-845.50.
Sterling in Milan 1526.0-1536.0.

EURO-CURRENCY INTEREST RATES*

May 19 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	9¾-10¼	4⅞-5⅜	7¼-8¼	4¼-4½	3⅛-3⅜	4⅛-5⅛
7 days' notice	10⅛-10⅝	5⅛-5⅝	8¼-9¼	4¼-4½	3⅜-3⅝	1⅛-5¼
Month	10⅛-10⅝	5⅛-5⅝	8-9¼	5⅛-5⅜	3⅛-3⅛	1⅛-1⅛
Three months	10⅞-11¼	5¾-6¼	8¼-9⅛	5⅛-5⅞	3⅛-3⅝	1⅛-1⅛
Six months	11⅝-12	6¼-7	8⅝-9⅝	4¼-4½	4-4⅛	2⅛-2⅛
One year	12-12¼	7-7⅜	8⅝-9⅝	5-5¼	4¼-4⅞	2⅛-2⅛

Euro-French deposit rate: two-day 7⅞-7⅞ per cent.; seven-day 7⅛-7⅞ per cent.; one-month 8⅞-9 per cent.; three-month 9⅞-10⅛ per cent.; six-month 10⅛-10⅞ per cent.; one-year 10⅛-10⅞ per cent.

Longer-term Eurodollar deposits: two years 7⅞-8 per cent.; three years 8⅛-8⅛ per cent.; four years 8⅛-8⅞ per cent.; five years 8⅞-9 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5 5/16-5 5/16 per cent.; three months 5⅞-5⅞ per cent.; six months 6 7/16-6 9/16 per cent.; one year 7 1/16-7 3/16 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-days' notice for guilders and Swiss francs.

Indices

NEW YORK —DOW JONES

	May 19	May 18	May 17	May 14	May 13	May 12	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	988.90	989.45	987.64	992.60	1001.10	1006.67	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds	72.48	72.49	72.56	72.56	72.52	72.48	73.60 (22/4)	69.11 (2/1)	—	—
Transport	217.73	216.94	217.77	219.54	218.14	220.28	220.91 (11/5)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	86.85	86.56	86.86	86.88	87.80	87.58	91.90 (4/2)	84.84 (2/1)	163.32 (20/4/65)	10.58 (28/4/42)
Tr'ding vol 000's	18,450	17,410	14,720	16,600	16,780	16,610	—	—	—	—

	May 14	May 7	April 30	Year ago (approx.)
Ind. div. yield %	3.77	3.72	3.70	4.61

STANDARD AND POORS

	May 19	May 18	May 17	May 14	May 13	May 12	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	113.75	113.66	113.64	113.82	114.69	115.59	116.67 (24/3)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	101.18	101.26	101.09	101.54	102.16	102.77	105.51 (5/4)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	May 12	May 5	April 28	Year ago (approx.)
Ind. div. yield %	3.36	3.44	3.33	3.65
Ind. P/E Ratio	13.94	13.68	13.85	10.75
Long Govt. Bond yield	5.79	6.60	6.58	60.0

N.Y.S.E. ALL COMMON

May 19	May 18	May 17	May 14	1976 High	1976 Low
53.91	53.92	53.84	54.01	55.20 (5/4/76)	47.06 (2/1/76)

Rises and Falls May 19
Issues Traded—1,956 Up—696
Down—689 Same—471
New Highs—56 New Lows—36

MONTREAL

	May 19	May 18	May 17	May 14	1976 High		1976 Low	
Industrial	[illegible]	196.82	—	—	207.35	(19/3)	176.82	(2/1)
Combined	[illegible]	188.94	—	—	199.56	(19/3)	175.67	(2/1)

TORONTO

	May 19	May 18	May 17	May 14	1976 High		1976 Low	
Composite	[illegible]	185.27	185.55	185.90	187.45	(20/3)	175.01	(2/1)

JOHANNESBURG

	May 19	May 18	May 17	May 14	1976 High		1976 Low	
Gold	[illegible]	200.1	185.5	206.8	226.7	(13/3)	174.4	(5/4)
Industrial	[illegible]	212.5	212.8	211.6	[illegible]	(19/5)	198.5	(5/4)

	May 19	Previous	1976 High	1976 Low
Spain (p)	94.85	95.32	100.79 (7/5)	84.46 (1/4)
Sweden (q)	464.95	463.9	476.96 (10/5)	383.35 (19/1)
Switz'rl'd (r)	288.2	285.8	288.6 (12/5)	281.6 (4/5)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10; (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (c) Closed.

Investment premium based on $2.60 per £—118½% (120%).

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY ♦

MILAN

AUSTRALIA

JOHANNESBURG

PARIS

BRUSSELS/LUXEMBOURG

TOKYO

AMSTERDAM

SWITZERLAND

SPAIN ♥

STOCKHOLM

COPENHAGEN

OSLO

VIENNA

GOLD MARKET

FOREIGN EXCHANGES

FORWARD RATES

FARMING AND RAW MATERIALS

[T]B check on [i]mports of [I]rish cattle

[B]y Peter Bullen

[FR]OM JUNE 1, all cattle [ex]ported from the Republic of [Ire]land will require veterinary [cer]tificates showing that they [hav]e come from tuberculosis-[free] herds the Ministry of [Ag]riculture announced yesterday. [B]reeding cattle will also have [to] have passed a standard TB [tes]t not more than 30 days before [the]ir shipment to Britain.

[T]he Ministry has made the [mo]ve, for which farmers in [Bri]tain have been campaigning, [bec]ause of the significantly [hig]her incidence of TB reactors [in] Irish herds. About 250,000 [Iri]sh cattle are imported each [yea]r.

[L]ast night the move was "[br]oadly welcomed" by the [Na]tional Farmers' Union. The [ne]w import condition should [est]ablish a reasonable degree of [pro]tection against possible intro[du]ction of TB into the national [cat]tle herd, the union said.

[P]akistan ban on [c]otton export [t]o continue

KARACHI, May 19.

[PA]KISTAN HAS decided to con[tin]ue its ban on cotton exports [un]til the arrival of the next crop, [a] Government spokesman said [he]re.

The recent trade agreement [wi]th Bangladesh will boost textile [ex]ports and the Government has, [th]erefore, taken steps to increase [co]tton production, he said.

Pakistan will also create a cot[to]n buffer stock from next year [to] stabilise prices, according to [a] decision taken at a National [Ec]onomic Council Meeting.

The meeting decided that [Pa]kistan will import one inch [lo]ng cotton staple. Also, the [Go]vernment will release 1.2m. [ba]les of cotton from stocks to [te]xtile mills for manufacturing [b]oth for export to Bangladesh, [th]e spokesman added.

[R]euter

SCHEME TO BOOST COD STOCKS

By Our Commodities Staff

[A]RTIFICIAL REARING utilising [h]uman sewage could help to boost [co]d stocks in the North East [A]tlantic by as much as 30 per [ce]nt. in ten years, according to [a] Norwegian professor.

Professor Anton Skulberg, of [N]orway's University of Veteri[n]ary Medicine, said in London [t]hat this figure might be [a]chieved by a programme of [c]atch limitation backed up by the release of artificially reared cod fry into the sea.

New EEC bid to resolve cane sugar deadlock

BY ROBIN REEVES

BRUSSELS, May 19

A FRESH bid to resolve the deadlock over the EEC's minimum guaranteed sugar price for the 1.25m. tons of raw cane from African, Caribbean and Pacific suppliers to mainly British refineries is in the offing.

This follows the granting of a fresh mandate to Mr. Pierre Lardinois, the Brussels Commissioner responsible for agriculture, by the Council of Agricultural Ministers here last night.

Details of Mr. Lardinois's brief were kept secret but it was made known that EEC ministers were prepared to go no further than the 260 units of account per tonne, the Community's final offer in the last round of negotiations which Mr. Lardinois insisted was then beyond his mandate.

It was also hinted that the demand that ACP sugar countries also contribute to the Community's storage premium scheme for beet sugar would be dropped.

ACP sources felt that if this was all the Community was prepared to offer it would not bring the negotiations with ACP ministers to a successful conclusion.

They expect Ministers to return to Brussels towards the end of the month, if only to re-emphasise the principles embodied in the Lomé Convention and subsequent dealings upon which the negotiated price should be based and to which they feel the EEC side is not adhering.

The dropping of the storage levy will apparently bring the effective offer price up to 268 units of account per tonne. This is not that far from the ACP's previous final offer of 275 UA per tonne, made just before deadlock was reached. But ACP Ministers are likely to emphasise that this was made only in a spirit of compromise and they are likely to return to their basic position that the lowest price in the range of community prices—which Lomé lays down as the parameters for the ACP price—is 281.5 units of account.

This price is based, among other things, on the elements which went into establishing last year's minimum guarantee. But so far the British Government does not accept last year's negotiated guarantee as a basis for discussion. The price which mattered was the premium bringing the ACP's take home pay to £260 a ton.

Our commodities staff writes: At to-day's EEC tender, 49,000 tonnes of white sugar was sold with a maximum export rebate of 8.33 units of account per 100 kilos. The quantity was in line with market expectations but market sources said the rebate level, which seemed rather generous, prompted a steadier tone on the futures market.

Sugar prices had fallen initially on the London terminal market with the October position reaching £190 a ton at one stage. October sugar later climbed to £194.5 a ton before easing to close £1 up on the day at £194.25 a ton. The price rise was partly due to the decline in sterling but the EEC tender result was thought to be the main reason.

Chile plans depress copper

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell again on the London Metal Exchange yesterday, with cash wirebars closing £13.25 down at £813 a tonne.

Market sources attributed the decline to further selling by speculators, who were previously responsible for the recent surge in prices. Sentiment, already shaken by the move to restrict non-trade buying in the zinc market, received a further setback yesterday when Chile announced it was planning to resume full capacity production from June 30 providing world prices remained above 60 cents a lb.

Sr. Urbina, president of Codelco, the Chilian State sales organisation, said that Chile will not agree to extend the 15 per cent. cutback in production agreed between members of the Council of Copper Exporting Countries (Cipec) in November 1974 as a means of bolstering world prices when the Council holds a Ministerial meeting in Paris from June 8-11.

It is claimed that Chile is having difficulty in meeting all requests for copper at present, especially as it is hoped to step up shipments to the U.S.

Zambian Mines Minister, Axon Soko, reacted with "great dismay" to the Chilean statement and hoped it was not too late for Chile to reconsider its announcement.

There was a more cynical reaction on the Metal Exchange. Dealers claimed that Chile had not really implemented the Cipec cutback at all, apart from closing down temporarily the uneconomic Exotica mine.

It was felt the Chilean move would have virtually no effect, except that it might help drive prices down to the 60 cents level. Already the U.S. producer price level of 70 cents has been breached in London and New York.

At the same time there are market rumours of increased supplies of Zaire copper being exported via South Africa. Suggestions that as much as 200,000 tonnes was in the pipeline for export via the East London and Durban ports were described as ridiculous. But there are arrangements for shipments, which have just started, of some 10,000 tonnes of copper from Zaire to come out via the East London port in South Africa and this may be stepped up to 11,000 tonnes by the autumn. Reportedly, no copper is now going out through the Mozambique ports but Dar es Salaam is working well, handling the bulk of Zambian copper and some Zaire exports.

The main exports of Zaire copper, about 25,000 tonnes, come out from its domestic port of Matadi.

SOUTH AFRICA CUTS MAIZE ESTIMATE

PRETORIA, May 19.

SOUTH AFRICA's Department of Agriculture's third estimate of the 1975-76 maize crop is 7.6m. tonnes against a previous estimate of 7.8m. and production last year of 9m. tonnes.

Grain sorghum is estimated at 327,000 tonnes, against 337,000 previously and 360,000 last year. Estimates are based on conditions at the end of April and are for both black and white areas.

Reuter

Peak world wheat crop forecast

By Our Commodities Editor

WORLD WHEAT production in 1976 is likely to reach a new record of between 375-385m. tonnes, substantially above last year's out-turn of 349m. tonnes, according to a tentative forecast by the International Wheat Council in its latest monthly market report out yesterday. The previous record crop was 368m. tonnes in 1973.

However the report admits that sowing of spring wheat is still in progress in the northern hemisphere and plantings have hardly begun in the southern hemisphere. In addition hopes of increased production are dependent on reasonably favourable weather conditions in most major producing and importing countries until harvest time.

The report points out that higher support prices have encouraged rises in plantings in many countries while supplies of agricultural inputs, particularly fertilizers, have improved. Above all, adverse weather has not seriously affected crop prospects to date, except in a few areas.

Russia buys more Philippines coconut oil

MANILA, May 19.

THE PHILIPPINES has sold another $1.09m.-worth of coconut oil to the Soviet Union, bringing the total sold there so far this year to over $13m., the Department of Trade said.

Shipment is expected to be completed within two months, according to the Legaspi Oil Company which filed the application.

So far this year, the Soviet Union has negotiated 16 separate coconut oil orders as well as buying 600,000 tons of copra. Czechoslovakia has also bought 150,000 tons of crude coconut oil, the Department of Trade said.

Reuter.

TURKISH COTTON CROP MAY FALL

WASHINGTON, May 19.

COTTON PRODUCTION in Turkey in 1976-77 is preliminarily forecast at 474,000 tonnes, a U.S. Agriculture Department field report from Ankara stated.

It put final 1975-76 cotton output at 480,000 tonnes.

Reuter

U.S. COMMODITIES MARKETS

A knock-out blow for Pacific Exchange

BY ART GARCIA IN CALIFORNIA

WHAT MAY be the knockout blow to the already shaky Pacific Commodities Exchange has been delivered by the Commodity Futures Trading Commission, the federal agency which has begun efforts to close the U.S. West Coast's only commodity futures market place.

The CFTC says the San Francisco-based Exchange should close its doors because it cannot afford to maintain an effective system of market surveillance and regulation. Trading volume has been low and the PCE has not been able to produce the funds needed to hire enforcement employees.

Prodded by the CFTC, the exchange has liquidated all active commodity contracts and suspended trading.

This is the first time the CFTC, a year-old government watchdog agency, has taken such strong action over a U.S. commodities exchange. It is taking still stronger action by preparing formal proceedings to remove the PCE's authority to deal in commodity futures, a move which probably would signal the end of the Exchange.

But Mr. John Gallwas, Exchange chairman and one of its founders, says there still is hope that another commodity exchange will step in and take over operations or acquire the PCE's existing futures contract designations for trading in crude coconut oil, Western live cattle, silver and crude palm oil.

The key to the PCE's problems has been inability to attract a sufficient number of floor traders to generate new business and build volume. Mr. Gallwas believes the backing of another healthy exchange would stimulate PCE trading.

The CFTC's recent action came on the heels of an effort by the PCE to encourage a group of private Chicago investors and commodities traders to assume control of the Exchange, complete an operational restructuring and pump in badly needed capital.

Bank of America, which through a subsidiary owns between 5 and 10 per cent. of the shares of the PCE, provided a $150,000 line of credit a year ago to help keep the Exchange operating at a time when directors were considering closing down. In early March of this year, governors of the Chicago Mercantile Exchange authorised a loan of $20,000 to help the PCE through its financial pinch. That was supplemented by another $20,000 loaned by two private investors.

The PCE has been financially shaky from the beginning. It held on for more than three years while the West Coast Commodity Exchange in Los Angeles, dealing in non-regulated futures contracts, folded after a brief existence. Pressure from the CFTC was strong in February when the agency ordered the PCE to tighten up its self-policing program after a private audit had revealed the exchange was in "precarious" financial condition.

The Commission said the PCE had fallen short of legal standards for surveillance of trading because of economy moves it had been making to cut operating expenses. While reporting there was "no question" of misuse of funds, the CFTC orderd the Exchange to clean up its activities and operations, saying it would be back for another inspection within 40 days. The result is the most recent order to liquidate PCE contracts and stop further trading.

NZ butter back in the EEC melting pot

BY ROBIN REEVES

BRUSSELS, May 19.

THE FUTURE position of New Zealand butter in the U.K. market after 1977 is once more back in the melting pot as a result of yesterday's inconclusive debate in the Common Market Council of Ministers.

Faced with staunch opposition of the EEC butter producing countries to a straight implementation of the "renegotiation" agreement reached by EEC heads of Government in Dublin last year, Mr. Pierre Lardinois, the Agriculture Commissioner, has come up with the idea of switching NZ butter into food processing in certain circumstances.

What Mr. Lardinois apparently has in mind is a system which would enable EEC butter suppliers to maintain their share of the consumer butter market. Should U.K. consumption fall, as is expected under the impact of the move to full EEC price levels, then the amount of NZ butter in the shops would be limited. The trigger level for starting the diversion process has not been thought about.

From the Community's point of view this would still meet the Dublin renegotiation pledge to allow access for fixed quantities of NZ butter during the three years 1978-80.

It remains to be seen whether such a diversion scheme would be workable without subsidies to encourage the use of butter at the expense of margarine in processing. From NZ's point of view, the use of the Brussels farm fund to subsidise the use of its butter would be very unsatisfactory because it would make its position even more vulnerable politically. The EEC may be able to encourage the greater use of NZ butter in processing simply by cutting the levy imposed on imports.

According to unofficial estimates, about 10 per cent. of butter consumed in the EEC goes into processed food products. In the U.K. this means something over 40,000 tons annually, and in the EEC as a whole 160,000 tons. There is a suggestion that in the event of NZ butter being diverted it might not be confined to U.K. food manufacture but made available throughout the Community.

If this extraordinary arrangement works, NZ may end up with an even more secure position in the U.K. market than she has had hitherto. But set against that is the widespread hostility expressed by most EEC farm Ministers last night to any reference to arrangements beyond 1980, plus the pressure from some for NZ producers to be subject to co-responsibility in the disposal of EEC dairy surpluses.

Politically, it would be impossible for the Community to cut off access to NZ butter after 1980 altogether. But the imposition of co-responsibility for European dairy surpluses is a real threat, given that discussion of the NZ arrangement is now bound to become entangled with the Commission's co-responsibility proposals. These are due to be unveiled within the next few weeks.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lower again on the London Metal Exchange. Commission house and stop-loss selling in pre-market dealings took forward metal down to £833, in part reflecting reports that Chile is opposing the continuation of Cipec's 15 per cent. production cut-back beyond June 30. [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	812.5-3	-8.75	812.5-3.5	-13.25
3 months	839.5-40	-7.5	839-.5	-14
Settlem't	813	-7	—	......
Cathodes				
Cash	805-.5	-7.25	805-6	-13
3 months	832-.5	-8	830-2	-15.25
Settlem't	805.5	-7.5	—	......
U.S. Smt.	—	......	*70	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade £		£	£	£
Cash	4055-65	-11.5	4087-93	+22.5
3 months	4165-75	-15	4190-4200	+18
Settlem't	4065	-5	—	......
Standard				
Cash	4055-65	-11.5	4087-93	+22.5
3 months	4165-70	-15	4180-5	+10
Settlem't	4065	-5	—	......
Straits E.	[illegible]	-5	—	......
New York	—	......	548.5	+2

LEAD [illegible]

ZINC [illegible]

* Cents per pound. † On previous unofficial close.

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

FREIGHTS

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

COTTON

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES [illegible]

REUTER'S [illegible]

DOW JONES [illegible]

MOODY'S [illegible]

CONTRACTS AND TENDERS

A. G. McKEE & CO.
on behalf of
YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS

INTERNATIONAL PUBLIC LICITATION NO. 22

PURPOSE: Supply of approximately 50-ton coated welding electrodes AWS/ASME classification SFA 5.1, E-6010 and E-7015 or 7018, diameters 3, 32, 1/8, 5/32, 3/16, for a refinery at Cochabamba, Republic of Bolivia.

OPENING OF BIDS: On July 6, 1976 at the below-mentioned offices, at 11:00 a.m. The bids will be received until that date and time.

PRICE OF SPECIFICATIONS AND BIDDING CONDITIONS:
U.S. $30.00 or its equivalent.

INTERNATIONAL PUBLIC LICITATION NO. 23

PURPOSE: Supply of hydrogen and nitrogen containers and hydrogen storage facilities, including design, fabrication, testing and material supply (gases will be supplied by others)—for a refinery at Cochabamba, Republic of Bolivia.

OPENING BIDS: On August 4, 1976 at the below-mentioned offices, at 11:00 a.m. The bids will be received until that date and time.

PRICE OF SPECIFICATIONS AND BIDDING CONDITIONS:
U.S. $30.00 or its equivalent.

BID BOND: 0.5% of the amount of the bid.

INQUIRIES AND DOCUMENTATION: Inquiries may be made and specifications and bidding conditions may be secured at the offices of A. G. McKEE & CO. ARGENTINA, S. A.,
Hipolito Yrigoyen 440, 8th floor, Buenos Aires, Argentina.

VALIDITY OF OFFERING: Ninety days following bid opening date.

FINANCING: By the BANCO INTERAMERICANO DE DESARROLLO (INTERAMERICAN DEVELOPMENT BANK), in accordance with Contract No. 225/OC-BO with the Government of the Republic of Bolivia.

LEGAL NOTICES

No. 001822 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RIBBONVILLE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 12th day of May 1976, presented to the said Court by HALL & CO. (SOUTH EAST) LIMITED whose registered office is at R.M.C. House, 53/55 High Street, Feltham, Middlesex, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

YOUNG JONES GOLDING PATTERSON,
2 Suffolk Lane,
Cannon Street,
London EC4R 0AU.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of June 1976.

PUBLIC NOTICES

MET. BOROUGH OF SANDWELL BILLS
£2,250,000 Bills issued 19.5.76, maturing 18.8.76 at 9 11/16%. Applications total £17,250,000 and there are £8m. Bills outstanding.

STRATHCLYDE REGIONAL COUNCIL BILLS
£6m. issued 19.5.76 due 18.8.76 at 9 11/16%. Total application £62m. Bills outstanding £24m.

TAMESIDE METROPOLITAN BOROUGH COUNCIL BILLS
£2,000,000 Bills offered 14.5.76 for payment 19.5.76, due 18.8.76 at 9 11/16%. Applications totalled £26.5m. £2m. Bills outstanding.

EXHIBITIONS

AGNEW GALLERY, 43, Old Bond Street, W1. 01-629 6176 MASTER PAINTINGS until 18 June. Mon.-Fri. 9.30-5.30. Thurs. until 7.

ANDRE DERAIN. Sculptures in bronze. Victor Waddington, 25, Cork Street, London, W.1. Daily 10-1, 2.15-5.30. Sats. 10-1, until 22nd May.

BUXTON ANTIQUES FAIR. Last 3 days Daily 11.30 a.m.-9 p.m. Bargains.

U.S. Markets

Cocoa firm; copper and silver lower

NEW YORK, May 19.

COPPER and silver closed lower on heavy Commission House and Chartist selling. Coffee finished lower on renewed Commission House selling. Cocoa closed firm on European buying, attracting Commission House short-covering. Local buying in soyabean meal encouraged strength in soyabeans. Sugar was steady on refined buying, reports Bache.

Cocoa—Ghana spot 93 (91½). Bahia spot 89½ nom. (86½). May 84.78 (83.90). July 81.90 (80.50). Sept. 77.10, Dec. 71.60, March 68.60, May 66.90, July 66.10, Sept. 65.40. Sales: 997. Tone steady.

Coffee—"C" Contract: May 134.75-135.10 (134.25), July 134.50-134.60 (135.45), Sept. 133.10-132.90, Dec. 126.60-125.70, March 126.85-126.90, May 125.85 nom. Sales: 799.

Copper—May 67.10 (68.50), June 67.30 (68.79), July 67.70, Sept. 68.60, Dec. 69.60, Jan. 70.20, March 70.90, May 71.60. Sales: 6,950.

Cotton No. 2—July 65.50-65.60 (64.12), Oct. 65.60-65.80 (64.29), Dec. 64.50-64.40, March 64.70-64.75, May 64.90 bid. July 65.00 bid, Oct. 63.90-64.00. Sales: 4,350.

ΦGold—May 125.70 (127.40), June 126.00 (127.50), July 126.30, Aug. 126.60, Oct. 127.60, Dec. 128.60, Feb. 129.70, April 130.80, June 132.00, Aug. 133.20. Sales: [illegible]

Greasewool—Spot 177.8 nom. (same), July 172.0-175.0 (170.7), Oct. 170.8-174.5 (170.5), Dec. 169.5-177.0, March 169.5-178.0, May unquoted.

†Lard—Chicago loose 16.00 nom. (same). NY prime steam 17.30 asked (same).

‡‡Silver—May 438.00 (439.40), June 436.50 (440.00), July 440.50, Sept. 445.20, Dec. 453.20, Jan. 456.00, March 461.70, May 467.40, July 473.20, Sept. 479.10.

††Maize—May 285-283¾ (80), July 281½-282 (83½), Sept. 272, Dec. 264½-265, March 273, May 277.

‡Platinum—July 156.00 (157.60), Oct. 158.30 (160.50), Jan. 161.50, April 163.00, July 167.10-167.20, Oct. 169.60-170.00. Sales: [illegible]

*Soyabeans—May 526 (28½), July 537-535½ (32½), Aug. 539, Sept. 541, Nov. 546-545, Jan. 552½, March 558, May 562½.

Soyabean Oil—May 15.65-15.63 (15.77), July 15.89-15.96 (15.80), Aug. 15.97, Sept. 16.07, Oct. 16.18, Dec. 16.40-16.42, Jan. 16.50, March 16.62, May 16.76-16.78.

bSoyabean Meal—May 155.50-156.00 bid (157.30), July 163.80-163.50 (160.00), Aug. 163.40-163.30, Sept. 163.50-163.00, Oct. 162.50-163.00, Dec. 162.00-161.50, Jan. 162.00, March 162.50-163.00, May 163.00.

Sugar No. 11—Spot 14.15 (14.25). July 14.05-14.20 (14.02-13.97), Sept. 14.22-14.40 (14.23-14.13), Oct. 14.39-14.50, Jan. 14.35 nom., March 14.23-14.30, May 14.14-14.22, July 14.11-14.12, Sept. 14.13-14.15, Oct. 14.10. Sales: 3,737.

Tin—347.00-350.00 asked (343.00-350.00 nom.).

**Wheat—May 342½-342½ (345). July 346½-347 (350), Sept. 355½-355½, Dec. 367, March 377½.

WINNIPEG, May 19. ††Rye—May 256½ bid, July 259½ bid, Oct. 264½ bid, Nov. 264½ asked, Dec. 264½ bid.

Oats—May 155, July 154½, Oct. 150½ asked, Dec. 148 nom.

§Barley—May 223½ bid, July 224½, Oct. 223½ bid, Dec. 223½ asked.

dFlaxseed—May 662½ bid, July 669½ bid, Oct. 680 bid, Nov. 678 asked, Dec. 678 nom.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 455½ (455½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. Φ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.8 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 34-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

Print machinery pay off

Kenneth Gooding

THE EUROPEAN Commission is currently pondering details of the latest industry aid scheme put forward by the British Government, this time intended to pump up to £20m. of public money into the printing machinery business.

Why printing machinery? One closely involved observer describes it as "a microcosm of what you always imagined was wrong with British engineering," and adds: "It used to have a technological lead and dominated whole sectors of the market, almost had a monopoly in some. Then it sat on its laurels for 25 years while the rest of the world overtook it and raced ahead."

Extreme pessimists would also maintain that British companies have fallen so far behind in the new technology which has swept through the printing machinery industry that they will have to be content in the future with producing spare parts for those out-dated machines still operating round the world.

Shocking

The statistics are frightening enough. In 1971 the British share of OECD exports of printing and allied machinery was down to 13.5 per cent. from around 18 per cent. in 1963. The decline speeded up considerably in the following two years and by 1973 the British share had fallen to 9.6 per cent. OECD statistics sometimes leave much to be desired, but the industry's performance as measured by the British trade balance also showed a shocking decline.

From 1967 to 1971, it is true, the trade surplus climbed steadily from £8.1m. to £30m. The subsequent fall was sharp and took the surplus down to a mere £7.6m. in 1974. The value of exports in 1974 was about £80m.

In spite of this gloom, however, a closer look at the industry shows that all is far from lost. Last year the trading pattern was reversed and the positive trade balance—after deducting £61m. of imports from £93m. of exports—was back to £32m. and no fewer than six companies in the industry collected Queen's Awards. The British Printing Machinery Association says the favourable trend has continued in the first three months of 1976.

The manufacturers insist in reply that what really happened is that the "catching-up" exercise the industry began some years ago is at last beginning to pay off. It is with this exercise that an industry aid scheme could really help—by providing the printing machinery makers with a special supply of funds to speed up the introduction of products incorporating new technology.

If approved in Brussels, the scheme will include the very important provision that companies will be able to take into account the cost of launching the machine on to the market when drawing up proposals for the Department of Industry to consider.

Speed is essential in launching new printing equipment in to-day's conditions because the rapid introduction of new technology means that a machine can be overtaken by the latest developments very quickly.

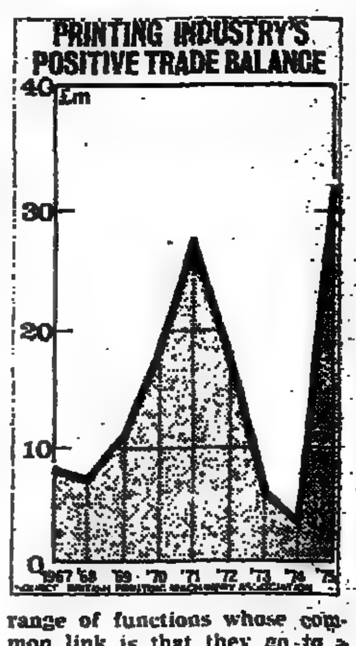
But launching a new product can be expensive. With the bigger machines it can add at least 100 per cent. to the costs incurred on development. It is here that the industry aid scheme should benefit even the smaller companies in the business.

State cash

Any project costing more than £50,000 (including launch costs) will be eligible for consideration and a possible contribution of State cash. This could help the smaller companies to bridge that difficult gap between developing a new product, and establishing that it really has a viable future. From that stage on, normal bank facilities are more easy to obtain.

What sets the proposed printing machinery scheme apart from the others which have been set in motion so far is that the initiative seems to have originated at the Department of Industry rather than from the manufacturers themselves. Proof that the demand is there is provided by the number of companies queueing up with projects for consideration even before the scheme has passed the Brussels hurdle.

The products of the industry cover a diverse range of functions whose common link is that they go to a single market, the printing industry. All over the world the printing industry is made up in the main of small units supplying local customers.



What makes Britain different from other countries is that the printing industry there has always worked on very tight margins of profit. They left very little room for a company to generate the earnings necessary for new equipment, let alone the increasingly sophisticated equipment which came onto the market after the war.

Printing machinery still includes equipment of widely differing technologies and widely differing degrees of sophistication. At one end of the spectrum there are things such as simple ruling machines, while at the other end there are machines incorporating computers, lasers, advanced optical and electronic systems, and high precision electro-mechanical devises. The boundaries between the industry and the electronic and optical industries are becoming daily more blurred. Britain was particularly affected by the decline of "hot metal" printing in favour of newer forms of type-setting such as photosetting. British makers had tended to be strongest in "hot metal" machinery and suffered as a result.

British manufacturers had difficulties in building a substantial home base from which to work because the print unions stood out firmly against the rapid introduction of new technology into the printing industry. (They were not alone: in the U.S. there was a similar resistance among the print unions.)

Another problem for the British industry was that it tended to be offering the world medium or higher-priced equipment. There was no chance of competing with the U.S., for instance, where a big home base enabled manufacturers to produce low-cost machines.

The fragmentation of the British industry has not helped. There still are more than 250 establishments, more than half of them employing fewer than ten people. Total employment is about 17,000. About one-third of the capital employed in the industry is foreign-owned, mostly by American concerns, and another third is owned by British companies whose main interest is outside the printing industry.

The foreign-owned companies include some of the largest in the industry and include Harris Intertype, the Linotype Group, Addressograph Multigraph, and MGD Graphic Systems. Some of these are, in turn, part of much larger engineering groups. MGD for instance is a subsidiary of the American Rockwell International Group, and Linotype is part of Eltra Corporation.

British-owned manufacturers whose parent companies' interests are predominantly outside printing machinery include Crabtree Vickers and Howson Algraphy (owned by Vickers), Simon VK (Simon Engineering), James Halley (Baker Perkins), Strachan and Henshaw, and Beasley French (Dickinson Robinson), Masson Scott Thrissel (Molins), Vacumatic (Portals), and the Monotype Corporation (Grendon Trust).

Britain has not been able to match the size, manufacturing resources, or research and development capability of some of the larger competitive units overseas. But the idea that the American parent companies might be content to let their British off-shoots decline into being simply suppliers of spare parts does not stand up to examination. To take one outstanding example, the "Linotron" computer oriented phototypesetting system, costing between £150,000 and £250,000 a time, was developed in Britain by Linotype, is being made in Britain and sold to overseas customers from Britain.

Industry aid schemes always include a clause about help for companies involved in restructuring the industry, but it is hard to see just what form this might take in the printing machinery industry. Over the past few years much restructuring has been achieved through the Crabtree Vickers group. At one stage is consisted of 23 different companies which had to be sifted and sorted out.

Great speed

Whatever the problems of its parent company Grendon Trust, the property and industrial holding group which came under the management control of Keyser Ullmann in 1974, the merchant bankers, the Monotype Corporation seems to be picking up great speed under a new management team. Significantly, the new managing director John Hitch, does not come from the printing machinery industry but has a background in consultancy and electronics engineering.

Monotype has introduced eight new products in the past 11 months and has 20 or 30 more in the pipeline. As Mr. Hitch maintains: "If the industry aid scheme allows us to bring just a couple of those projects forward a little faster it would be worth while."

Indeed, that seems exactly the main objective the Department of Industry had in mind when suggesting the scheme—that it should speed up the introduction of new technology already in the pipeline. The manufacturers are ready to go once Brussels gives the go-ahead.

HOME CONTRACTS

£1.5m. work for Astbury

A. AND R. ASTBURY, Cannock, Staffs., has received contracts worth more than £1.5m. They include conversion of Tamworth Belgrave School to a secondary school (£309,000), construction of a sports hall at John Taylor School, Barton-under-Needwood (£167,000): of Iron stone Road Primary School and Nursery Unit, Burntwood (£211,000); and of Norton Canes C.P. School (£233,000): also extensions to Alleynes and Oldfields High School, Uttoxeter (£115,000), all for Staffordshire County Council.

*

JAMES SCOTT ENGINEERING GROUP, under a phase 1 contract worth about £¾m., is responsible for management planning, electrical, instrumentation, heating and ventilation installations on the Condeep design Brent B platform for Shell Expro. Work includes utilities lag cabling below sea level inside the concrete platform where the oil transfer pumps and sea water pumps are situated.

*

WATER MANAGEMENT, Kidderminster, Worcs., has received orders, as part of its programme for drought relief, from Wessex Water Authority for two package potable water treatment plans. These are each designed to produce an extra 0.5m. gallons per day, using the River Avon at Newton Meadows, Bath, and the River Britt at Watford Bridge, near Bridport, as raw water sources. Of unit construction, they could be used elsewhere should the need arise.

*

DE LA RUE CROSFIELD, Portsmouth, is to supply two hundred pre-payment self-service Autotank petrol vending units to Shell U.K. Oil for use at petrol stations in England and Wales, under an order worth more than £500,000. De La Rue Crosfield will provide a complete package, including supply and installation (mainly at dealer owned stations), of the note-acceptor units, specialised lighting units, full civil and electrical engineering work, pump modifications and planning and licensing applications.

*

GEC ELECTRICAL PROJECTS has received from the National Coal Board a contract worth about £500,000 for electrical drives and control equipment at the North Pit of Easington Colliery. The existing drum winder at this shaft, installed in 1941, is to be modified and re-furbished to provide a twin 1500 hp geared drive, and the existing Ward Leonard control will be replaced by a thyristor-fed system incorporating closed-loop speed control with shaped-ramp acceleration and retardation control. New equipment to be supplied includes 20 kV switchgear, thyristor convertors and transformers, control and regulating equipment, the control desk and one d.c. motor rated at 1500 hp r.m.s. at 300 rev./min. Existing motors are to be refurbished under the same contract.

*

J. JEFFREYS AND CO., the mechanical services unit of Balfour Kilpatrick, has been awarded a £445,000 contract for mechanical services at Roche Products' new office building at Welwyn Garden City, Herts.

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FINANCIAL TIMES REPORT

Thursday May 20 1976

Australian Trade

Australia's trade pattern has changed over the last decade with the growing significance of minerals and the link with Japan. Government policy on manufacturing is evolving cautiously against a background of pressures for devaluation and protection. Meanwhile, rural exports are of cardinal importance.

HE CRACKLING voice and aggy visage of Sir John cEwen exhorted Australian instry throughout the 1960s to port as though the nation's ry life depended on it. Sir hn provided cash incentives, rotection for growth, backup cilities and guidance, bilateral arketing arrangements and a sychological climate where, to ose concerned, presentation of e annual "E for Export" penants seemed to express the colctive gratitude of the nation.

If they are not gone forever, ose days will not be recapured in the near future. Exportg is still crucially important to ustralia, 16th among the major aders of the world. But it is ow a much more calculated usiness. The generous allownces of the McEwen era for evelopment of new markets nd use of "visiting experts" ere largely demolished under he Labor Government between 972 and 1975 and, more important in the long term, the general concept of protecting an inlustry against imports so that it as a domestic base for export as fallen into disrepute.

Stability

Although Sir John McEwen's efforts gave a previously unknown stability to the nation's overseas trade, there is no doubt hat some of his methods embodied motives more related to domestic political considerations. As leader of the Country Party (now National Country Party, NCP), Sir John sought a power base beyond the traditional rural interests of his supporters. He chose manufacturing, using control of the tariff and other protection measures as his lever.

Eventually, such a balancing act was bound to fail, not only because of the additional costs imposed by high tariffs on a mostly efficient and strongly export-oriented farm sector, but also because of the rising tide of anti-protectionist argument. Mr. Alf Rattigan, chairman of the Tariff Board (now the Industries Assistance Commission, IAC) led the fight for tariff reform for more than a decade.

Against the bitter opposition of Sir John McEwen, Mr. Rattigan forced the Government at the close of the 1960s to accept overall review of the tariff structure, and his doctrine of lower tariffs and efficiency in resource allocation reached a short-lived peak under the Whitlam Labor Government. Labor chose to counter the threat of inflation with an across-the-board tariff cut of 25 per cent. They varied the exchange rate with scant regard to the special pleadings of local groups. They unleashed totally unexpected but nevertheless predictable forces of opposition.

The effects of the tariff cut were delayed by a worldwide commodity shortage, but, within six months, the Labor Government was confronted with an alliance of trade unions and protected industries which forced a retreat. The highest level of unemployment in 40 years tended to be blamed solely on the tariff-cutting exercise—unfairly but effectively. And, with soaring inflation adding to the problems of the labour-intensive, higher-protection industries, the tide was turned decisively. That trend is still obvious, even after a change of Government.

The Australia-Japan relationship has now assumed a top priority for both countries. When the Australian Prime Minister, Mr. Malcolm Fraser, visits Japan for the first time next month, he is expected to sign, with his counterpart Mr. Miki, a basic treaty of friendship and co-operation — the first step outside the strictly commercial territory of their weakness in the Australian trade balance which was a constant pre-occupation in the two decades after World War II, consolidating the turnaround begun with the big drive on manufactures. But the fact remains that Australia depends for close to half her export income on farm products while well over 90 per cent. of her imports are manufactures. The expectation that the question is not if it will happen, but when. For the miners particularly, it cannot be soon enough. Expectations have reached the point where the level of capital outflow must soon become a matter of concern—perhaps of greater concern than the inflationary effects of devaluation.

Further ahead, however, are

Seeking a new footing

By Kenneth Randall

The McEwen years nevertheless saw fundamental changes in Australia's trade pattern: the trade agreement with Japan, the promotion of manufactured exports and the development of mineral exports in the 1960s. Manufactures represented about 11 per cent. of Australian exports at the end of the 1950s, but they now account for about one-quarter. In the mid-1950s, Japan took 7 per cent. of Australian exports. The figure now is nearly 30 per cent. In 1963-1974 minerals provided a mere 4.9 per cent. of export income. Just over a decade later their share was 23.8 per cent. bilateral trade agreement, itself up for review later this year.

Japan is now established decisively as Australia's best customer and, after the U.S., she is second largest supplier to the Australian market. The old ties with the U.K. have eroded quite dramatically in the space of 20 years—as an export market, from 23 per cent. to a mere 6 per cent., as a source of imports from 45 per cent. to 15 per cent. Largely as a result of the Japanese trade, Australia's own region now buys more than half her exports.

Minerals ended the chronic downtrend in rural commodity prices continues on one hand while prices of manufactures continue their relative rise. The Australian dollar is now, in effect, floating against a basket of trade-weighted currencies after two moves up (4.6 per cent. in December 1972 and 4.8 per cent. in September 1973) and a sharp devaluation of 13.6 per cent. in September 1974. There are clear signs of another difficult period emerging.

Pressure on the present Government for another substantial devaluation has mounted steadily in recent months. There is a general problems of structural change and redefinition of priorities whose effects are as yet only dimly perceived in terms of trade performance. Some of the lesser but long-established rural exports like dairy products and fruit are in desperate straits and are simply being scaled-down as rapidly as the political climate and costs allow. The doctrine of economic growth for its own sake is far from dead (in Western Australia, especially, it thrives), but it has lost a good deal of force against the advocates of conservation, economic nationalism, lower population growth and freer trade. Population projections point to some severe humps in the labour market over the rest of this century but an immigration policy openly pitched at the needs of the labour market—and especially the unskilled end—is unlikely to regain respectability again.

Despite its anxiety, and its commitments, to get the economy moving again, the present Government has trodden with unexpected caution in several directions. Mineral development was one of the areas quoted most often when criticising the attitudes of the previous Labor Government.

Coal and uranium were regarded as export earnings just waiting to be cashed in. But the Fraser Government has set out a foreign investment local equity policy which, on paper, is surprisingly close to Labor's. It may, indeed, prove far more flexible in action, as suggested by recent approvals of partnership arrangement for big new coal export projects. But there certainly has not been the surge of activity expected by some. With uranium, the guidelines, limiting foreign equity in new projects to 25 per cent., will not even be tested before the environmental issues are resolved after a judicial inquiry, a point still many months away.

In manufacturing, the Government is currently preparing a White Paper on future policy in line with a pre-election commitment. Based on a Green Paper presented last year, the policy statement cannot avoid the thorny issues of protection and overall economic planning. Mr. Rattigan, about to step down from his chairmanship of the IAC, has denounced the whole approach to last year's Green Paper as sectional and wasteful of resources. Most of the rural industries support his view. Most of the Government does not. If the White Paper does lead to an approach to manufacturing divorced from the McEwen concept of all-round protection, it will have enormous implications for Australian trade.

BASIC STATISTICS

Year to end-March, 1976.
Exports: $A9.244bn.
Imports: $A7.903bn.
Balance of trade: $A1.341bn.
1975
Imports from U.K.: £631.27m.
Exports to U.K.: £279.51m.
Currency, Australian dollar—£1=$A1.4605.

Rural exports recover

AFTER TWO years of depressed returns the Australian wool and beef industries are on the way to recovery. With wheat and sugar, these industries are Australia's major rural export earners. Government officials are now confidently predicting that the value of Australia's rural exports will be 7.1 per cent. higher in 1975-76.

Although export returns from wheat and sugar will be down on last year by about 8 and 10 per cent. respectively, earnings are still historically high. These two industries made a substantial contribution to supporting the rural side of Australia's trade balance in the last financial year when the wool and beef industries went sour.

Rural exports as a proportion of total exports fell from 50.2 per cent. in 1973-74 to 44.8 per cent. in 1975-76. This is expected to recover to 48 per cent. Rural exports therefore remain the principal single contributor to Australia's trade receipts. The total value of this financial year is expected to be $A4.3bn. (about £2.8bn.).

Earnings from wool exports are expected to be up $A260.7m. or 31.9 per cent. Wool sales resumed on May 4 after an eight week strike that brought sales and exports to a standstill. The market reopened strongly. The best buyer was Japan with keen demand also from the European Economic Community and Eastern Europe.

The Australian Wool Corporation is clearing most of the offerings to the trade and its stockpile is about to break back through the 1m. bales barrier after peaking in November last year at 1.9m. bales. This stronger demand is due to a reduction in the level of wool stocks held in the main consuming countries and some general recovery in economic activity in the major Western countries.

Volume

Wool will take over from wheat this financial year as Australia's largest rural export earner with receipts expected to reach $A1.076bn. The volume of wool exports should increase about 36 per cent. At this stage, indications are that the industry's recovery will continue into 1977, although price increases will probably be more moderate as stocks held by overseas mills, particularly in Japan, are replenished after the strike.

A further factor which should act as a price stimulus is lower greasy wool production this financial year with production expected to be down 5.1 per cent. But production next financial year could be quite significantly affected by the drought now gripping Southern Australia, in particular Victoria.

The drought will also have significant implications for Australia's beef industry. The generally favourable weather conditions throughout eastern Australia during 1975 and 1976 enabled producers to hold on to stock as Australia's beef export markets collapsed. Cattle numbers have risen from 30.8m. in 1973-74 to 32.8m. last financial year and the figure at June 30 this year is expected to be 33m. The deterioration in seasonal conditions in southern Australia will mean a substantially greater turn-off this year with a depressing effect on prices.

This is already occurring with Australian exporters selling beef on Australia's largest market, the U.S., at prices well above the saleyard levels in Australia. Exporters are reaping the benefit of a healthier export market while increasing market supplies are keeping producers' returns depressed.

Despite Australia's supply problems export availability has improved considerably over the last few months. After Japan re-opened its market to Australia in June last year, Australia shipped about 39,530 tonnes to Japan and Okinawa in 1975. The Australian industry expects to get about 80 per cent. of the anticipated Japanese quota this calendar year which could be from about 80,000 to 90,000 tonnes. Japan has already allocated a global quota of 45,000 tonnes from April to September.

After protracted negotiations Australia secured a basic 287,000 tonne share of the U.S. beef market this year. This is marginally less than the 290,000 tonnes shipped to the U.S. last year after shortfall allocations. Like last year, however, Australia will still supply slightly more than half U.S. beef import requirements. The Australian industry interprets rising U.S. beef prices as reflecting a greater number of feeder cattle moving into feed lots, easing supply pressures in the market for lower grades of beef. This is important as beef exports particularly those from northern Australia are largely to U.S. manufacturing beef works.

There is a possibility of Australia gaining more than its basic entitlement on the U.S. market this year should there be shortfalls from other exporting countries, as occurred to Australia's benefit last year. Meanwhile, the Australian Meat Board, exporters and producers are agonising over a more suitable mechanism to control the flow of beef to the U.S. One innovation this year is that the Meat Board has planned shipments on the basis of three, three-monthly periods. Moves are afoot to abandon the export diversification scheme under which exporters must ship a certain tonnage of beef to markets other than the U.S. for every tonne shipped to that country.

At present, the ratio, or diversification factor, is 1:1.5 but it has been changed several times, to the exporters' disgust, since the U.S. reverted to volume restraint on imports early last year. The indications are that the Board will introduce a mixture of export quotas and diversification, with differential diversification factors between markets so that exporters do not push beef into easier markets in order to earn export entitlements to the U.S.

Despite the southern drought and the record Australian cattle herd the outlook for the beef industry is considerably brighter than this time last year. The value of Australia's beef and veal exports this financial year is expected to be $A184.1m. or 57 per cent. higher than last year. Predicted earnings in 1975-76 of $A507m. compares with $A635.7m. in 1973-74 and $A652.2m. in 1972-73 when the market was at its peak. Beef and veal earnings are anticipated to constitute about 13.3 per cent. of the value of total rural exports in 1975-76.

Shakeout

Although the other Australian pastoral industries are on the road to recovery, the stage is set for a shakeout in the dairy industry. The problems of world over-supply of skim milk powder are being compounded by the drought for Australia's most efficient and largest dairy exporting state, Victoria.

Australian news services are highlighting the mass slaughter of dairy cattle on Victorian farms as feed runs out. Dairy industry leaders are predicting that anything up to 7,000 producers may be forced off their farms in the next financial year as a result of the drought and depressed returns. Victoria produces 78.2 per cent. of Australia's skim milk powder, most of which is exported.

The Government recently announced assistance measures to the industry including the underwriting of returns to producers this financial year to $A300 a tonne and liberalisation of eligibility for unemployment benefits. But the industry's problems will be compounded next year by an estimated 57,000 tonnes cheese surplus with Australia's cheese export market expected to be 100,000 tonnes.

Although marketing arrangements for 1976-77 will not be worked out until later this year, the indications are that the Australian Liberal-National Country Party Government is determined to reduce production to a level more in line with demand.

Nevertheless, the value of Australia's dairy exports is expected to be 21.7 per cent. higher this financial year, reflecting greatly increased exports of powder and butter. This would amount to 4.6 per cent. of the value of total exports in 1975-76.

As far as crops are concerned, Australia's wheat earnings are expected to reach $A1.005bn. this financial year, down $A88.1m., or 8.1 per cent. from last year's peak. Despite the fall, this year's figure contrasts with $A286.2m. in 1972-73 and $A538.9m. in 1973-74.

The lower earnings reflect the drop in world wheat prices, the volume of Australian wheat exports actually being slightly higher. Nevertheless, the export price for Australian standard white wheat in April was marginally above that a year before.

The 1975-76 Australian wheat harvest was the fourth highest on record at 11.7m. tonnes. Early indications suggest there will be a small increase in the area sown to wheat for the 1976-77 crop, with the total planting likely to be in the vicinity of 9.2m. hectares. This compares with 8.8m. hectares last season and an average 8.7m. hectares planted over the last three seasons. A sowing of 9.2m. hectares would be Australia's biggest wheat area for seven years.

Wheat deliveries to the Australian Wheat Board from the 1975-76 crop reached 11.2m. tonnes and the Board had 9.8m. tonnes available for export. At the end of April, more than [illegible] tonnes of this was either sold or firmly committed. Wheat exports are expected to amount to 23.3 per cent. of Australia's total exports.

Export earnings from sugar will also remain respectable this year although 10 per cent. down on 1974-75. Export returns are expected to reach $A580m., which compares with $A249.8m. in 1972-73 and $A223.2m. in 1973-74. As with wheat, the reduced earnings reflect reduced prices rather than lower exports.

The first forecast for the 1976 Australia sugar cane crop is for a record yield of between 3.2m. and 3.5m. tonnes. This compares with a 2.8m. tonnes crop in 1975. In the longer term further increases in sugar exports are expected. Nevertheless, their extent will depend on plans for industry expansion which, in turn, will be related to market conditions.

The Australian Bureau of Agricultural Economics has made the point that unless some stabilising international agreement is negotiated, world free market prices should continue to fluctuate widely. Under these circumstances, growers' income stability will depend largely on the extent and terms of long-term bilateral trade agreements which currently cover some 60 per cent. of Australia's exports.

Stuart Stimson

Invisibles

WHILE AUSTRALIA'S chronic deficit in invisibles remains a depressing influence on the trade balance, its relative importance has declined a little in recent years reversing a long-term trend.

Total receipts, or credits, of invisibles in 1974-75 were $A2.17bn., which was equal to roughly a quarter of the value of total visible exports. But invisible debits to other countries were almost $A4bn., equal to about half the value of visible imports—leaving a net invisibles deficit of $A1.8bn. and reducing the current account to a $A1.05bn. deficit.

Over the later '60s, both credits and debits on the invisibles side, and especially the latter, increased at a remarkable rate relative to visible trade. Whereas visible imports rose in value between 1964-65 and 1968-69 by less than 20 per cent., and visible exports by about 25 per cent., credits of invisibles rose by roughly 40 per cent. and invisible debits by more than 50 per cent. Since then, the surge of raw materials trade particularly has brought about a shift in this pattern.

Between 1968-69 and 1974-75, visible imports rose in value 140 per cent. and visible exports by 160 per cent. But invisible credits rose by only 119 per cent. in the same period. And, perhaps more importantly, invisible debits increased only 98 per cent. The importance of this shift can be overstated. Nevertheless, relative growth of the invisibles debit has been a long-term characteristic of the Australian balance of payments.

In 1951-52, debits were $A597m., or 29 per cent. of the total value of imports. In 1971-72, they were $A2.7m. or 70 per cent. of total imports. Last year's figure of $A3.99bn. was equivalent to only 52 per cent.

Invisible credits, on the other hand, were broadly holding their position vis-a-vis total exports. They represented 26 per cent. of exports in 1974-75 against 29 per cent. in 1971-72.

The net invisibles deficit, of course, is clearly still expanding. But this should not be too surprising, given the appetite of an increasingly affluent people for services, which represent about half the debits, the level of investment needed to bring about this demand growth, the absence of a large local capital market and the country's geographical remoteness and thin population. Nor does it give rise to any great concern, although it is naturally of increasing importance that the growth of capital inflow and the net balance of visible trade should continue to be able to support the trend.

The most important features of the invisibles deficit are transportation, property income in its broadest sense and transfer payments.

Carriers

Transport produced a net deficit of $A576m. in 1974-75, primarily due to the freight dominance of overseas carriers. In recent years, the State-owned Australian National Line (ANL) has been pushing beyond its former essentially-coastal role and negotiating expanded shares of the major liner trades, to Europe, Japan and east and west coast America, through its membership of the various conferences. But it remains very much the junior partner, reputedly with under 15 per cent. of the traffic, even on its best trade.

The nationalistic-minded Whitlam Labor Government's major initiative in shipping was to encourage the ANL into the new minerals trade, and as a result of this, the line will commence taking delivery in July of two 120,000 dwt. bulk carriers from Sweden and two 140,000 dwt. vessels from West Germany. These will enable the first regular Australian flag entry into the country's mineral export trade. The ANL in fact is figuring on taking 10 per cent. of the total trade on the key Australian-Japan minerals route.

It is unlikely, however, that the new Liberal Government of Mr. Malcolm Fraser will encourage the ANL to move much further than this. Economic viability will be the criteria for future expansion by the State line, and reduced payments to foreign shipowners look insufficiently attractive in Canberra to justify the costs of a strong push by the ANL.

In strict regard to the Invisibles balance, also, there is the additional question of how much gains on freight payments would be offset by reduced receipts from the servicing of overseas ships—which last year provided an offsetting inflow of more than $A900m. in credits.

The factor which traditionally dominates Australia's invisibles balance is property income, including licensing, royalty and copyright payments and receipts but whose main component is investment income—earnings on direct investment, dividends on portfolio investment, interest, rents and so forth. The net deficit in this sector in 1974-75 was $A645m.—a reflection of the large slices of overseas finance and know-how which fuelled the country's postwar domestic expansion. As might be expected in the tightened economic conditions, the net debit on property income has remained relatively constant over the past three years.

But by contrast, credits in recent years have tended upwards, despite the effect of sharp cutbacks last year. There was a fall from $A185m. to $A95m. in net direct investment income receivables, for example, and from $A66m. to $A53m. in dividends and interest. The year also saw the first major reduction in Australian investment in overseas companies, down $A82m. to $A104m. as a result of the almost universal squeeze on undistributed profits.

This investment is still small by British standards, but major companies are looking abroad increasingly. For example, the TNT transport group, which is in Canada, Pioneer Concrete is in Britain and Europe, Blue Metal Industries with a new tin mining operation is in Malaysia and the Broken Hill Proprietary Company has a tin-plating venture in the same country.

The Government has also relaxed the ban on portfolio investment abroad, allowing companies to invest up to $A1m. There has been considerable institutional interest, particularly in American stocks.

Of other major items, transfers are in chronic deficit. Last year the deficit was $A268m., primarily because of Government aid in the South East Asian region.

So, too, is travel. Debits exceed credits here by almost $A200m., up from $A130m. four years ago, a result of Australia's remoteness as a tourist destination and its high costs, as against the voracious appetite for other countries that has developed among Australians following the advent of mass air travel.

Tony Maiden

Minerals growth hesitant

NERALS ARE still the major wth area in Australia's export ome but, while the Govern- nt is keen for new develop- nt to start in several mining as, the high cost structure made it difficult for new tracts to be finalised, particu- y for coal, iron ore, and ural gas exports.

he problem is less acute h uranium where price rises e made development more ractive but the Government still to decide on its develop- nt policy. In particular it has to make known how many jects it wants to come on eam at any particular time.

xpectation

The stated policy of the nister for National Resources, Douglas Anthony, is that stralia does not want to over- pply what it believes is the ilable market. Earlier this r, in the wake of the election a Liberal-National Country rty Government, the expecta- n was that the Government uld announce details of elopment policy. However, late March the Government said it would await the report of Mr. Justice Fox into the environmental aspects of uranium mining, and this is not due until the end of June.

Some of the potential uranium miners have been disturbed at the Government's foreign investment policy which lays down that 75 per cent. Australian ownership is required in the uranium sector. This will leave Australian companies to raise the relatively small amounts of capital to get to the initial processing stage of uranium yellowcake. For example, the requirement for a 3,000 tonnes a year plant plus mine and infrastructure is still estimated at less than $A200m. despite Australia's high inflation rate over the past two years.

The foreign investment policy for other sectors is a good deal more lenient. The requirement is for 50 per cent. Australian ownership but there is the important loophole that if this cannot be obtained after a reasonable effort a smaller figure will be permissible. This loophole is almost certain to be called into play if the major gas deposits on the North-West Shelf of Western Australia are to be developed.

The latest cost estimate of the development of the North-West shelf is $A20bn. But there is a further problem in the financial difficulties of Burmah Oil, the major partner in the Shelf. There have been some attempts to interest Australia's biggest company, Broken Hill Proprietary, to buy into the consortium to increase the Australian ownership. However, BHP is understood to be very cautious about moves into this area because of the high capital outlays required. For smaller outlays, although they are still large, the company can move into coal where the returns seem more predictable.

The main market for liquefied gas from the North-West Shelf will be Japan, although with the strong upsurge in the U.S. economy, there is also likely to be some interest from that quarter. Japanese officials indicated to Mr. Anthony during his visit there earlier this year that an outlet of 4m. tonnes of LNG a year was likely to be available. As well, Shelf developers could expect additional outlets in Perth, the Western Australian State capital, and for any increased processing that might occur in the Pilbara iron ore region which lies adjacent to the North-West Shelf. The problem with the North-West Shelf is that the gas finds have been in relatively deep water and the geology is said not to favour major oil discoveries.

Potential iron ore developments are also in question. With rising costs and with the massive capital costs of starting new mines, prices would have to increase substantially to make new ventures profitable. Australia has about 5 per cent. of the world's known reserves of iron ore, ranking about fifth on the world scale. There are indicated and inferred iron ore reserves of 35bn. tonnes, with the Pilbara having 32bn. tonnes.

The point is, however, that the major importer of Australia's iron ore, Japan, has alternative sources, such as Brazil, and while existing mines can expand and take advantage of existing infrastructure, there is a question mark over the development of new mines. The Robe River iron ore partners have approached the Japanese mills seeking sufficient contracts to enable a $A70m. expansion of their West Australian operation.

On the latest figures iron represented 20 per cent. of the value of Australia's mineral production, and on the 1973-74 figures was Australia's largest mineral export earner.

Japan takes well over half Australia's mineral exports, with the European Economic Community taking 22 per cent. and the U.S. 9 per cent.

The latest round of coal price negotiations with Japan has just been completed for soft coal and is continuing on other types. Australia provides 36 per cent. of Japan's total coal requirements. In 1974-75, total coal imports from Australia were 24m. tonnes, or 75 per cent. of total Australian coal exports.

The Commonwealth Government this year has given the green light, as far as Australian equity requirements are concerned, for the development of three major, North Queensland coal deposits — Nebo, Norwich Park, and Hall Creek. These major open-cut projects will cost $A1.5bn. Their targets are 4.5m. tonnes a year from Hall Creek, 5.5m. from Nebo and 4.3m. from Norwich Park. While the Government has reached agreement with the consortia concerned on equity matters, development of all three depends on feasibility studies still to be carried out and the problem of costs.

Developments are also proceeding in New South Wales with plans for increased production of 10m. tonnes a year.

Proven and probable reserves of all types of coal are assessed at 350bn. tonnes, but there are indications of considerable additional reserves. Coal has been traditionally Australia's most significant energy export, supplying 30 per cent. of world trade in coking coal. Australia supplies 13 per cent. of European coking coal imports and northern Europe and the U.K. have considerably increased steaming coal purchases following the energy crisis.

Having cleared the way for the development of these large coal deposits, attention in Canberra is now focused on the Government's attitude to uranium development. As at June 30 last year Australia had "reasonably assured" and estimated additional resources of uranium, recoverable at up to $A30 per kg. of 323,000 tonnes. That includes about 19 per cent. of the presently known, reasonably assured, low-cost resources of uranium in the western world recoverable at costs below $A20 per kg.

There is a strong feeling within the Government that uranium projects should be developed sequentially. Inevitably, speculation would then arise as to which project would be first once the environmental issues are resolved.

Pressure

The hardening of the Government line towards awaiting the Fox Report before announcing policy reflects pressure from the Australian trade union movement and other groups. There is a vocal lobby in Australia totally opposed to uranium exports although it appears inevitable that within a year the Government will have given the go-ahead for at least some development.

The union opposition is typified in Western Australia where the Australian-owned Western Mining Corporation, which plans to develop the Yeelirrie uranium deposit has indirectly suffered union backlash from speculation that the State Government might allow Japan to process nuclear waste in WA. Now the state union movement has passed a resolution aiming to stop the mining of all uranium ore.

Apparently Mr. Anthony and his colleagues believe they have a better chance of gaining the union co-operation by paying due respect to the Fox inquiry's findings in not announcing development policy until the report is released. Whereas the previous Labor Government placed much importance on Australia's developing enrichment capacity, there is less emphasis on this under the new administration, although negotiations are continuing.

Stuart Stimson

The Japan connection

JCH HAS been the pace of ade expansion between ustralia and Japan, there s hardly been time to think out its implications at either d. It was unplanned growth. overnment policies were con- icive, but by no stretch of e imagination could the sults be described as ntrived.

It is even doubtful whether e majority of either Austra- ans or Japanese have yet asped what has happened to em in the past quarter- ntury, though it has been othing less than the forma- ion of a union that is for ractical purposes indissoluble. However, the collective mind has finally begun to catch up. The two states are about to formalise their relationship in a treaty. And in the past month professional economists drawn from both countries have handed a substantial joint report* to the Governments, which not only assesses the relationship but offers advice on how the common destiny may be shaped.

The reasons may differ, but most Australians and Japanese ought to agree that the solemnisation and more particularly the cogitation are long overdue.

Looked at from the Australian end, the picture in 1950 was that a mere 4.5 per cent. of exports went to Japan, and only 1.5 per cent. of imports came from there. The picture in 1975 was that almost one-third of exports were shipped to Japan, and Japan supplied 20 per cent. of imports.

Needless to say, that was a shift in trading relationships without precedent in Australian experience. On the Japan side, by contrast, it might almost appear that nothing remarkable happened. Shipments to Australia were 3 per cent. of exports in both 1950 and 1975; and imports from Australia even dropped from 8 per cent. to 7 per cent. of the total over the period.

These are no doubt useful comparisons, showing that Australia has had much the greater change to comprehend. But of course they do not tell the whole story.

This was the quarter-century of Japan's explosive economic growth, abundantly reflected in the statistics that shipments from Australia increased from little more than $A60m. to $A3.3bn., while the flow of Japanese goods to Australia went up from $A20m. to $A1.4bn.

That alone made it a major concern for the Japanese. But their real and abiding interest is not revealed by the aggregates. It stems from Japan's almost total lack of raw materials, combined with its already heavy dependence on Australia for several items.

The economists in their report tabulate the key (1974) figures. Australia provided 47 per cent. of Japan's iron ore requirements, 24 per cent. of its coking coal, 55 per cent. of its bauxite, plus all its alumina, 27 per cent. of its nickel, 79 per cent. of its wool, and 10 per cent. or more of its wheat and sugar.

Requirements

For each of these commodities, plus several others which Australia can readily supply in large quantities, Japan sees itself having enormous future requirements.

That seems to guarantee an indefinitely fruitful relationship. However, it is not one that should be left to look entirely after itself. Each of the partners has strengths and weaknesses which could make or mar the future.

Seen from Japan, Australia is obviously not the only possible supplier of anything. However, it is the most desirable supplier of almost everything it can offer—which in the last resort has nothing to do with the quantity or quality of materials. It is because the risk factor appears to be relatively small, if not nil.

That is to say, the Japanese businessman confidently expects there will be no revolution or other sweeping ideological change at the top that could potentially disrupt supplies. Contracts will be honoured. This is extremely important to him. Australia in that respect belongs in a class with the U.S., Canada and few others.

The usual complaint about Australia is that it is strike-prone, which interrupts deliveries. That is not something Canberra can do much about. But there may be a deeper worry that Government can help to eliminate. This is the lack of consensus that emerged during the three-year Labor administration about whether untapped resources ought to be exploited at all.

Australians can be said to need the self-confidence to decide firmly and dependably what resources are available for export, which implies banishing fears of future shortages, ruination of the landscape, and also of being exploited by overseas buyers.

Considerable progress can be said to have been made in all these respects, with much of the credit going to the Labor Government for meeting the challenges head on.

Mr. Fraser's Government has wisely not undone the good work, since Australia's long-term interests require continuity in resources policy, meaning that it should as far as possible be above party politics.

Looking at Japan from Australia, the view is admittedly daunting. Except for brief periods, the terms of trade have invariably favoured the industrialised importers, and the Japanese have always appeared to be particularly well-organised in that respect. Also they are an exceptionally foreign nation to most Australians, and have steadfastly remained so despite the build-up of two-way trade.

There can be no doubt that Australians owe it to themselves to adopt Japanese negotiating methods where those are obviously superior (for instance, appearing in consortia instead of as individual suppliers). Notwithstanding that the present Government has set its face against participating in internal cartels, which is of course another matter.

At the same time, Japan's unique system of "planned capitalism," which constantly modifies the harsh realities of markets to the benefit of Japanese industry and commerce, can also operate to the advantage of suppliers if they know what they are doing and how to make the most it.

This is implicit in most of the principles jointly offered by the two teams of economists to govern future relations between the two countries.

They include a recommendation that Japan "should pursue stable economic growth and steadily increase purchases from Australia"; another that the Governments should promote intra-industry specialisation in manufactured goods, and trade in these; a third that they should aim for policy harmonisation to minimise the influence of domestic business fluctuations.

The last of the six principles is that "Japan and Australia should ensure that the considerable degree of economic management implied . . . is carried out so as to facilitate and not distort the operation of market principles."

That could mean a number of things, but in a Japanese context at any rate conveys endorsement of the way in which the Japanese economy works, namely by a combination of private enterprise, administrative guidance and consensus.

No doubt there will always be points of disagreement and conflict, such as at present over Australian import quotas and, of course, over prices and, on the Japanese side, restrictions on beef to satisfy the farm lobby. But the chances are that the more the two countries think about their relationship, the better they will feel about it.

* "Australia, Japan and the Western Pacific Economic Relations"—a report to the Governments of Australia and Japan presented by Sir John Crawford and Dr. Saburo Okita.

Peter Duminy

STOCK EXCHANGE REPORT

Long Gilts good on exhaustion of 'tap' stock, while equities improve afresh—Index up 5.3 at 410.5

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 3	May 13	May 14	May 25
May 17	May 27	May 28	Jun. 9
Jun. 1	Jun. 10	Jun. 11	Jun. 22

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets remained in good heart yesterday, despite the easier trend in sterling. British Funds again claimed most of the attention, mainly at the long end of the market where demand for the long "tap" stock, Treasury 12½ per cent. 1993 "A," exhausted the Government broker's supplies and left closing gains in this area ranging to ½. Short-dated stocks were left out of the picture, but traded firmly and finished with modest improvements. The Government Securities index put on 0.22 more to close at 63.83.

Interest in leading equities remained at a low ebb, but continued small buying in the thin conditions prevailing was sufficient to push prices up by three or four pence. The FT 30-share index gained 5.3 further to 410.5, making a rise of 9.5 over the last two trading days. Although still of no great size, activity in ICI new shares, up 2 at 46 premium, expanded a little further. Unilever closed 8 to the good at 494p after the results for the first quarter, which were in line with most expectations.

Long "tap" exhausted

Elsewhere, much of the day's interest centred on a lengthy list of company trading statements. The overall trend was firm and for the first time for a week rises were in a majority over falls by 5-2 in FT-quoted Industrials. There was an expansion of activity as measured by official markings of 5,926 compared with 5,357 on Tuesday.

A pent-up demand for the long "tap," Treasury 12½ per cent. 1993 "A," quickly brought about its exhaustion yesterday and this signalled not only a further rise in quotations but also considerable switching within the sector and lesser similar business from the shorts. Speculation was fairly general that a replacement issue would be announced to-morrow, although views differed as to the life of the stock. Meanwhile, fresh rises of ½ were held during a very slow afternoon session and shorter maturities, despite being overshadowed and checked by the trend in sterling, managed modest improvements of ¼ generally; medium-dated issues were left out of the movement.

A continuation of the previous day's institutional selling of investment currency ensured some increase in volume during the morning and the premium slipped to 117¾ per cent. before closing a net 1¾ down at 118¼ per cent. Yesterday's SE conversion factor was 0.6587 (0.6510).

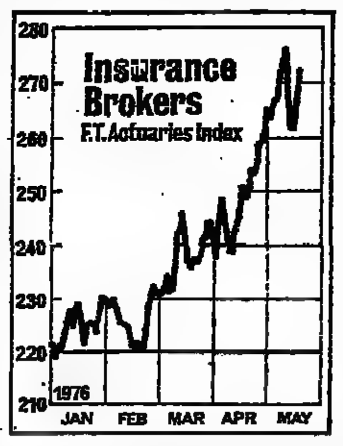
C. E. Heath up

Lloyds Brokers once again stood out in Insurances, improving afresh on further consideration of the sector's substantial overseas earnings potential. C. E. Heath were outstanding, rising 14 to a 1976 high of 422p, with the "New" nil-paid shares closing 12 higher at 122p premium. Hogg Robinson put on 5 more at 187p and Matthews Wrightson and Sedgwick Forbes both added 4 to 218p and 276p respectively. Composites fared better than of late, generally in sympathy with the firm market trend. Sun Alliance were 8 better at 418p following the chairman's address at the AGM, while "Royals" improved 6 to 314p and General Accident 5 to 166p.

Foreign issues were dull in the Banking sector, with Australia and New Zealand "New" nil-paid shares particularly dull at 115p premium down 9; the old gave up 8 to 455p. Bank of New South Wales lost 20 to 630p. Home Banks were lethargic but managed to improve with the general trend. Barclays gained 3 to 295 as did Lloyds to 233p.

Breweries and kindred trades closed firmer for choice. Arthur Guinness improved 3 to 134p and Allied hardened 2½ to 67½p. Distillers were 2 higher at 153p.

Buildings were generally better where changed. F. J. C. Lilley,



59p, Geo. Wimpey, 53p, and Fairview Estates, 59p, all closed 3 better. W. and J. Glossop edged up a penny to 61p on the increased earnings, while higher profits took Baggeridge Brick up 2 to 31p. Of the isolated dull spots, Streeters of Godalming eased 2½ more to 54½p.

ICI made modest headway, the old and the new nil paid shares both closing 2 better at 374p and 46p premiums. Fisons advanced 8 to 400p.

Debenhams good

Stores had a better day, sentiment partly helped by the Prime Minister's statement on the third stage of pay and prices control. Debenhams featured with a raise of 4 to 93p following a good Press reception of the preliminary figures, while "Gussies" "A," 202p, and British Home Stores, 370p, put on 2 apiece. Awaiting to-day's quarterly statement, F. W. Woolworth were active and 1½ harder at 65p. Readicut International responded to the preliminary figures with a rise of 2 to a 1976 peak of 32p. Kunick Holdings failed to respond to the interim report, closing without alteration at 6½p. Mail Orders attracted a reasonable demand, Freemans (London) finishing 2 better at 173p and MFI Warehouses improving 3 to 42p. Shoes were noteworthy for an advance of 3 to a 1976 peak of 46p in Booth International.

Leading Electricals made modest headway. EMI moved up 3 to 253p following news of the proposed acquisition of British Lion Films, while the chairman's statement helped BICC to harden 2 to 125p. General Electric put on another 3 at 164p, while Plessey, 78p, and Reyrolle Parsons, 129p, both closed 2 better. Among secondary issues, Lec Refrigeration featured with a rise of 6 to 89p on small buying in a thin market. United Scientific, ahead of to-day's interim statement, put on 2 more at 125p for a two-day gains of 14. Other firm spots included H. Wigfall, 4 better at 152p, and George H. Scholes, 5 higher at 210p. Against the trend, Philips' Lamp declined 12 to 972p in sympathy with weakness in the dollar premium.

Tube Investments rallied from the weakness seen earlier in the week, closing 6 higher at 362p, and GKN put on 4 to 330p in generally firm Engineerings. John Brown were more noticeable at 91p, up 3. Vickers were similarly dearer at 186p and Glynwed rose 4½ to 140½p. A stock shortage encouraged Davy International to rise 7 to 141p, while renewed investment demand in a thin market lifted Weyburn 12 to 282p. Capper-Neill put on 2 more to 62p after an investment recommendation and Charles Wade Ordinary and "B" were 1½ better at the common level of 9½p on the offer for the stock not already owned by Derby and Co. RHP were unaltered at 61p, after 62p, following the "rights" issue and higher dividend forecast.

Fox's Biscuits continued firmly in Foods, rising 13 more to 168p for a two-day gain of 18 on hopes of an outright bid from Northern Foods. Cavenham moved up 2 to 130p in response to Press comment, while further consideration of the chairman's statement at the annual meeting took Associated Biscuit up 5 to 83p. Associated Dairies hardened another 3 to 222p and Highgate and Job rallied 4 to 38p. Matthews Holdings, however, closed a fraction easier at 39p following the preliminary statement. Supermarkets made modest headway, Kwik Save Discount and F. J. Wallis both finishing 2 harder at 118p and 46p respectively. William Morrison provided an easier exception, giving up a penny more at 105p on further consideration of the results.

Unilever up again

Supported up to 500p in front of the first-quarter profits, Unilever came back to 492p on the figures which were in line with general market expectations before improving again late to close 8 better on balance at 494p. Other miscellaneous Industrial leaders made modest headway in thin trading with Beecham a penny better at 378p and Boots 2 higher at 138p in front of their preliminary results expected to-day. Pilkington Bros. improved 7 to 340p and Rank Organisation gained 6 to 173p. Elsewhere, interest was enlivened by a lengthy list of trading and bid news. The Board's strong rejection of the 85p per share bid from International Combustion brought about a jump of 20 to 88p in Thermal Syndicate, while Downs Surgical, 3 higher at 42p, and Steel Bros., 13 up at 218p, both responded to good preliminary results. Portals improved 4 to 156p on the results and proposed "rights" issue, but Elswick Hopper were unmoved at 10½p following similar details. The chairman's bullish remarks about prospects helped Alpine gain a penny to 27p, while Gross Cash Register 29p, retrieved 3 of the recent sharp fall which followed the loss and final dividend omission.

Far-eastern advices prompted an improvement of 5 to 353p in Jardine Matheson. Alfred Marks Bureau, however, reacted 6 to 27p on the final dividend omission and profits setback, while sharply reduced interim profits depressed Hawkins and Tipson, 4 easier to 63p.

Motors and Distributors spent a quiet session. Associated Engineering improved 4½ to 93p in response to Press comment, while Abbey Panels were also noteworthy for a gain of 4 to 36p in a thin market. In Garages, Lex Service closed a fraction cheaper at 36½p following the chairman's remarks at the annual meeting.

Portsmouth and Sunderland stood out from other Newspapers, rising 5 to 37p on highly satisfactory profits. Gains otherwise were small with Associated 2 better at 103p and United 4 higher at 280p.

Properties rise

News of yet another substantial property deal imparted further encouragement to the Property sector. English, which has sold a portfolio of commercial and industrial investment properties to Eagle Star Insurance for £55.5m., rose 3 to 45p, while ES were 7 higher at 130p. The announcement was made rather late, but it gave impetus to a general upward movement in Properties which left Land Securities 5 higher at 160p and MEPC 3 dearer at 70p. Haslemere Estates, a speculative favourite, rose 7 to 190p. Stock Conversion put on 5 to 158p and Great Portland gained 4 to 238p. Slough Estates hardened 1 to 82p following the chairman's forecast at yesterday's annual meeting of increased profits. Town and City improved to 14p being helped by news that it would start building on the old Gamages site in August this year.

Oils turned irregular as recent enthusiasm began to wane. Shell edged forward to 462p before closing only 2 better on balance at 458p, while British Petroleum eased from 678p to end 2 cheaper at 673p. LASMO/SCOT continued their run, gaining 5 further to 220p but other changes were minimal. Royal Dutch, down ¼ at £40½, moved lower with the investment dollar premium.

James Fisher sprang to life in Shippings, rising 23 to a 1976 high of 100p on persistent small buying in a thin market. Buying of a speculative nature helped Lyle improve 7 to 212p, with the "A" 5 higher at 124p. P & O Deferred advanced 3 to 110p, but further consideration of the results brought about a reaction of 2 to 219p in Furness Withy.

Down 15 over the previous two days on fears about second-half prospects, stockjobbers Akroyd and Smithers took a turn for the better and rallied 3 to 198p in quiet Trusts and Financials. Overseas issues also improved with International Pacific Securities 4 up at 135p and Jardine Securities 3 dearer at 130p.

Modest improvements of a penny or so were the order of the day in Textiles. Courtaulds edged forward a penny to 154p as did Leeds and District Dyers at 46p; the latter's interim results are due next Tuesday. Corah were a shade higher at 17p following Press mention. Coats Patons, however, eased a little to 67p in front of to-day's preliminary results. Dealings in T. and A. Naylor, 5p, were suspended at the company's request pending clarification of it's financial position.

Following the previous day's mark-up on news that the proposed merger with Tobacco Securities Trust (2 harder at 305p) is not to be referred to the Monopolies Commission, Bats improved further on small buying to close 6 better at 395p. Imps ended 1½ dearer at 79½p.

South African Industrials had Anglo American 15 off at 560p and O.K. Bazaars "A" 25 cheaper at 530p.

The firmer trend of the industrial market leaders led to an improvement of 4 to 192p in Guthrie among Rubbers. The Board's bullish remarks about current year trading helped Plantation Holdings harden 2 to 37p.

Golds steady

With business continuing at minimal levels, South African Gold shares put up a stead[y] performance than of late. [...] opened higher reflecting the o[ver]night firmness in the U.S., [but] subsequently eased following [a] further decline in the bull[ion] price and the investment do[llar] premium, although the high[er] arbitrage rate had a steady[ing] influence on prices. The Go[ld] Mines Index, which had [lost] ground for the previous f[ive] trading days, put on 2.6 to 1[..] while bullion was finally $1 lo[wer] at $126.625 per ounce.

Overseas-based Financials w[ere] generally firmer, also be[ing] helped by the arbitrage rate a[nd] Cape interest. "Amgold" a[nd] "Johnnies" both rose ½ to £[..] and £18⅝ respectively. Follow[ing] the meeting, Rio Tinto-Zinc clo[sed] unchanged at 326p, after 2[..] Selection Trust rose another [..] 475p.

Coppers were firmer, Pala[bora] being 50 higher at 900p [and] Messina 10 better at 285p. [In] Platinums, Cape offerings [left] Bishopsgate 4 lower at 110p. [..] were a few pence easier wh[ere] changed.

Australians were particula[rly] affected by the fall in t[he] premium, and the undecided tr[end] in overnight home markets. [In] Uraniums, Peko-Wallsend fell [..] to 590p and Pancontinental l[ost] ½ at £10¼. Among Coals, howeve[r] Oakbridge gained 4 to 3[..] Poseidon put on another 5 to [a] year's peak of 240p.

Elsewhere, Laurasia eased [..] 52p following news of th[e] company's Canadian uraniu[m] link-up with Pancontinental.

FINANCIAL TIMES STOCK INDICES

	May 19	May 18	May 17	May 14	May 13	May 12	A year ago
Government Secs.	63.83	63.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial Ordinary	410.5	405.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings Y'ld % (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net) (*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dealings marked	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.81 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	381.5 (5/1/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 19	May 18
Daily—		
Gilt-Edged	180.0	172.7
Industrials	205.3	174.0
Speculative	40.9	52.5
Totals	134.9	122.2
5-day Av'ge		
Gilt-Edged	168.3	160.2
Industrials	188.8	184.3
Speculative	57.0	51.6
Totals	126.7	120.3

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wednesday, May 19, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Tues. May 18 Index No.
1 CAPITAL GOODS (179)	155.97	+1.3	14.52	5.66	10.39	10.28	153.93
2 Building Materials (30)	140.55	+1.1	12.61	6.49	12.02	12.01	158.75
3 Contracting, Construction (23)	217.63	+1.9	16.47	4.86	9.45	9.43	213.38
4 Electricals (16)	282.11	+1.8	14.59	4.39	10.13	9.85	277.05
5 Engineering (Heavy) (13)	190.96	+2.1	19.75	6.24	7.90	7.90	187.05
6 Engineering (General) (63)	144.76	+1.1	14.77	6.04	10.08	10.07	143.24
7 Machine and Other Tools (9)	88.77	+1.3	13.80	6.61	12.81	12.77	88.02
8 Miscellaneous (25)	159.59	+0.5	13.71	6.07	11.36	11.08	158.94
9 CONSUMER GOODS (DURABLE) (53)	136.23	+0.9	15.16	[illegible]	9.85	9.33	135.03
10 Lt. Electronics, Radio TV (15)	181.60	+0.7	15.09	5.55	11.32	11.30	180.52
11 Household Goods (13)	183.99	+1.1	16.55	6.25	9.03	9.01	182.03
12 Motors and Distributors (25)	82.78	+1.1	17.75	6.30	8.51	8.46	81.88
13 CONSUMER GOODS (NON-DURABLE) (165)	157.34	+1.5	13.61	5.78	11.06	10.98	155.05
14 Breweries (15)	161.34	+2.1	13.95	6.72	10.76	10.76	158.06
15 Wines and Spirits (7)	186.05	+1.5	10.25	5.44	14.92	14.92	183.27
16 Entertainment, Catering (14)	185.72	+1.8	12.94	7.10	11.89	11.80	182.49
17 Food Manufacturing (22)	177.96	+1.4	14.21	4.87	10.74	10.67	175.55
18 Food Retailing (16)	146.24	+2.1	11.28	4.88	12.90	12.90	143.30
19 Newspapers, Publishing (16)	172.95	+0.6	12.04	5.95	12.76	12.76	171.93
20 Packaging and Paper (12)	108.81	+1.0	16.52	7.90	9.23	9.23	107.69
21 Stores (34)	127.95	+0.9	11.60	5.56	13.04	13.02	126.76
22 Textiles (23)	172.59	+0.8	12.59	6.48	10.49	9.81	171.09
23 Tobaccos (3)	257.55	+2.4	18.35	5.07	6.51	6.51	251.91
24 Toys and Games (6)	77.81	—0.7	19.48	6.15	7.14	7.14	78.34
OTHER GROUPS (96)							
25 Chemicals (26)	221.85	[illegible]	10.91	5.02	12.91	12.90	220.48
26 Office Equipment (9)	100.18	+2.5	11.99	6.20	12.07	12.07	97.72
27 Shipping (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28 Miscellaneous (48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 INDUSTRIAL GROUP (496)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 OILS (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Insurance Brokers (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Merchant Banks (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 Property (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Miscellaneous (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 ALL-SHARE INDEX (650)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COMMODITY GROUPS (Not included in 500 or All-Share indices)							
44 Rubbers (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Teas (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Coppers (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Mining Finance (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Tins (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Overseas Traders (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Further columns (Monday May 17, Friday May 14, Thurs. May 13, Year ago (approx.), Highs and Lows Index 1976 High/Low, Since Compilation High/Low): [illegible]

FIXED INTEREST

	Wed., May 19 Index No.	Yield %	Tuesday May 18	Monday May 17	Friday May 14	Thurs. May 13	Wed. May 12	Tuesday May 11	Monday May 10	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	13.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 20-yr. Govt. Stocks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. A list of the constituents of the FT-Actuaries Share Indices is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. A record of the indices, cost 53p, is obtainable from FT Business Enterprises. [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	11	374	+2	402	328
Aust. & NZ Bkg. 'New'	Nil/pd.	10	115*	−9	124*	115*
Glynwed 'New'	Nil/pd.	10	23*	+4	26½*	19½*
Midland Bank	£1	10	290	+2	320	264
BP	£1	9	673	−2	680	575
Debenhams	25p	9	93	+4	101	87
Lucas Inds. 'New'	Nil/pd.	9	23*	+2	28*	20½*
Marks & Spencer	25p	9	97	+1	108	88
P & O Defd.	£1	9	110	+3	119	87
Plessey	50p	9	78	+2	84	65
Select'n Tst. 'New'	Fly/pd.	9	472	+2	492	446
Shell Transport	25p	9	458	+2	462	378
Unilever	25p	9	494	+8	500	428
GKN	£1	8	330	+4	360	266
Hawker Siddeley	£1	8	464	+2	490	354

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 11	May 24	Aug. 5	Aug. 17
May 25	Jun. 8	Aug. 19	Sep. 1
Jun. 9	Jun. 21	Sep. 2	Sep. 14

"Calls" were dealt in London City and Westcliff, Lonrho, English Property, Hunting Associated, Photopia, Waterford Glass, Burmah Oil, B.S.G. Intnl. and National Westminster Bank Warrants, while "doubles" were arranged in London City and Westcliff, B.S.G. International and Shell Transport.

Industrials		Guardian	18	Spillers	4	Shell	14
		G.K.N.	26	Tesco	4	Ultramar	17
A. P. Cement	15	Hawker Sidd.	50	Thorn "A"	22		
Assoc. Leisure	5	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	20	Unilever	38	Anglo Amer.	[illegible]
Beecham	28	"Imps"	7	Utd. Drapery	8	Charter Cons.	16
Boots Drug	12	I.C.L.	14	Vickers	15	Chart'r'h'll Fin.	4
Bowaters	15	Inveresk	7	Williams Hud'n.	4	Cons. Gold	15
B.A.T.	30	Legal & General	12	Woolworths	6	De Beers Def.	30
British Leyland	5	Ladbroke	11	[illegible]	[illegible]	F. S. Geduld	350
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eagle Star	11	P & O Dfd.	11	Peachey	8½	Pres. Steyn	200
E.M.I.	17	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Gen. Accident	12	R.H.M.	5	Town & City	2½	Welkom	55
Gen. Electric	15	Rank Org. 'A'	18			West Areas	40
Glaxo	35	Reed Int'l.	23	Oils		Western M'ng.	10
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. 'A'	16	Slater Walker	4	Burmah Oil	4½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (51)

BRITISH FUNDS (9)
Transport 4pc '72-77 Treasury 9¼pc '97
Treasury 12¾pc '92 Treasury 8¼pc '99
Treasury 12½pc '93 Treas. 7¾pc '12-15
Treas. 12½pc '93 A Consol 4pc
Treas. 13¼pc '97 A

INTERNATIONAL BANK (1)
5pc Stock 1977-82

CORPORATION LOANS (2)
LCC 5½pc 1982-84 LCC 6¾pc 1988-90

LOANS (1)
ICFC 8½pc Uns. Ln. 1992-97

STORES (1)
Readicut

ELECTRICALS (2)
AB Electronic Derritron

ENGINEERING (6)
Acrow Capper-Neill
Acrow A Davy Intnl.
Amals. Power Gardner (L.)
Babcock and Wilcox Weyburn

FOODS (2)
Fox's Biscuits Wallis (F. J.)

HOTELS (1)
North (M. F.)

INDUSTRIALS (10)
Alpine Lamson Inds.
Beecham Prestige
Centreway Secs. Thermal Syndicate
Hepworth Ceramic 11pcLn. 1976 Unilever
Johnson Matthey Wills (G.)

INSURANCES (2)
Heath (C. E.) Hogg Robinson

MOTORS (1)
Herman Smith

SHIPPING (2)
Fisher (J.) Lyle Shipping

SHOES (2)
Booth (Intnl.) Ward White

TOBACCOS (1)
Dunhill (A.)

OILS (4)
BP SCOT "OPS."
LASMO "OPS." Shell Transport

MINES (2)
Oakbridge Poseidon

NEW LOWS (6)

AMERICANS (1)
Reliance

BANKS (1)
Credit Bank of France

INDUSTRIALS (3)
Hawkins & Tipson Norcros
Lep

PROPERTY (1)
Apex Props.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	11
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	46
Industrials	[illegible]	[illegible]	1,125
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	7	10	20
Plantation	[illegible]	4	38
Mines	[illegible]	27	78
Recent Issues	22	5	25
Totals	721	279	1,716

BASE LENDING RATES

Bank	Rate
Allied Irish Banks Ltd.	9½%
American Express Bank	9½%
Anglo-Portuguese Bank	9½%
Henry Ansbacher	10 %
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	10 %
Bank of N.S.W.	9½%
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett Christie Ltd.	10 %
Bremar Holdings Ltd.	10 %
Brit. Bank of Mid. East	9½%
■ Brown Shipley	9½%
Canada Permanent AFI	9½%
Cayzer, Bowater Co. Ltd.	10 %
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
C. E. Coates	10½%
Consolidated Credits	11 %
Co-operative Bank *	9½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11 %
Duncan Lawrie	9½%
English Transcont.	11 %
First London Secs.	9½%
■ Antony Gibbs	9½%
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank ‡	9½%
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel §	9½%
C. Hoare & Co. †	9½%
Julian S. Hodge	10½%
Hongkong & Shanghai	9½%
Industrial Bank of Scot.	9½%
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	9½%
London & European	11 %
London Mercantile	10½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
National Westminster	9½%
Northern Comm. Trust	10[illegible]
Norwich General Trust	10[illegible]
Portman Guaranty	9½%
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Schlesinger Limited	10½%
E. S. Schwab	11 %
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard Chartered	9½%
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Whiteaway Laidlaw	10 %
Williams & Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 5½%. 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 6½% and over £25,000 6¾%.
§ Demand deposit 7%.
‡ Call deposits over £1,000 5½%.

CORAL INDEX
Close 408-413

I.G. INDEX—01-351 3466
GOLD 125½-123¼

INSURANCE BASE RATES

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending rate 10½ per cent. (since April 23, 1976)

Day-to-day credit was in good supply in the London money market yesterday and the authorities were not required to intervene. The market was helped by large bank balances brought forward, and a decrease in the note circulation. On the other hand, there was a take-up of Treasury bills and a small excess of revenue transfers to the Exchequer over Government disbursements. The market was also faced with maturing local authority bills and small gilt-edged sales.

Discount houses paid 9-9½ per cent. for secured call loans in the early part, and as the day progressed, rates eased to close at 7-7½ per cent.

In the inter-bank market, overnight loans commanded 9½-9¾ per cent. at the start, and after touching 9¾ per cent. briefly, settled to around 6½ per cent. at the close. Short term fixed period interest rates recorded little change. At Monday's tender, the new GLC 91 day bill, £35m. of which were on offer, attracted applications of £113.75m. The minimum accepted bid was £97.53, and the average rate of discount was 9.8842 per cent.

Rates in the table below are nominal in some cases.

May 19 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank Bills ф	Fine trade Bills ф
Overnight	—	6½-9¾	—	—	—	9½-10	7-9¼	—	—	—
2 days notice	—	—	9¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	9¾-10	9¾-9⅞	—	—	—	9½-9¾	—	—	—
One month	10-9⅞	9⅞-10	9⅞-10	10¼-9¾	10-10½	—	9⅝-9¾	9⅝-9¾	9⅝-9⅞	10¾-10⅝
Two months	10⅛-10	10-10⅛	—	10¼-9¾	10⅛-10⅝	—	9⅝-9¾	9½	9½-9⅝	10¾-10½
Three months	10⅛-10¼	10⅛-10¼	10-10⅛	10¼-9¾	10½-10⅝	—	9⅝-9¾	9⅝-9⅞	9¾	10¾-10⅝
Six months	10⅝-10¼	10¼-10⅜	10⅛-10¼	10¼-9¾	10⅝-11	—	—	—	10⅛-10	11
Nine months	10⅝-10½	10⅝-10⅝	—	10⅛-10	10⅝-11⅛	—	—	—	—	—
One year	10⅝-10½	10½-10¾	10⅞-11	10¾-10⅛	10¾-11⅜	—	—	—	—	—
Two years	—	—	11¼-11⅛	—	—	—	—	—	—	—

* † Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12½ per cent.; four years 12½-13 per cent.; five years 13¼ per cent. ф Bank bill rates in table are buying rates for prime paper; buying rates for four-month bank bills 10-9[illegible] per cent.; and four-month trade bills 11-10⅝ per cent. Approximate selling rate for one-month Treasury bills 9[illegible] per cent.; two-month 9[illegible] per cent.; and three-month 9[illegible] per cent. Approximate selling rate for one-month bank bills 9[illegible] per cent.; two-month 9[illegible] per cent.; and three-month 9[illegible] per cent.; for one-month trade bills 10½ per cent.; two-month 10½-10⅝ per cent.; and three-month 10⅝-10½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 9 per cent. from April 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice 5½ per cent. Clearing Bank Base Rate for lending 9½ per cent. Treasury Bill Average tender rate of discount 9.9651 per cent.

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

REGIONAL MARKETS

...selection of the share prices previously shown under regional headings is ...ted below with quotations on London. Irish issues, most of which are not ...lly listed in London, are shown separately and with prices as on the Irish ...ge.

			Craig Ship. £1	315	......	Shiloh Spinn	26	......
			Hallam Sleigh 10p	8	......	Sindall (Wm.)	53	......
...Inv. 20p	19	......	Higsons Brew.	97	......	IRISH		
...inning	34	......	I.O.M. Stm. £1	135	......			
...n	26½	......	Holt (Jos.) 25p	225	......	Alliance Gas (£1)	65	......
...r. Est. 50p	145	......	Kleen-e-Ze	22½	......	Carroll (P. D.)	112	......
...r Croft	38	......	Lovell's Ship £1	120	+22	Clondalkin	46	−3
...& Rose £1	327	......	N'thn. Goldsmith	89	......	Concrete Prods.	98	......
...(R.A.)	18	......	P.M.A.	44	......	Goodbody (£1)	25	......
...& McHdy	69	......	Pearce (C. H.)	80	......	Heiton (Hldgs.)	38	......
...s Fr'k 10p	23	......	Peel Mills	14	......	Irish Distillers	55	......
...nd	10½	......	RobbCaledonSh.	51	......	Irish Wire	40	......
...Forge	45	......	Sayers 12½p	13	......	Jacob	59	......
...y Pkg. 5p	16½	......	Sheffield Brick	84	......	Sunbeam	11	......
...& Reed 50p	252	......	Sheff. Refrshmt	140	......	Unidare	72	......

LEADERS AND LAGGARDS

...e following table shows the percentage changes which have taken place ...December 31, 1975, in the principal equity sections of the F.T.-Actuaries ...Indices. It also contains the F.T. Gold Mines Index.

...nd Games	+ 26.07	Hire Purchase	+ 4.96
...s	+ 24.46	Textiles	+ 4.57
...ce (Brokers)	+ 21.77	Wines and Spirits	+ 4.49
...	+ 17.99	Consumer Goods (Non-durable) Group	+ 3.66
...and Distributors	+ 17.48		
...	+ 16.71	Packaging and Paper	+ 3.42
...	+ 16.65	Stores	+ 2.70
...ring (General)	+ 14.85	Food Retailing	+ 0.06
...Equipment	+ 14.83	Breweries	− 0.43
...ring (Heavy)	+ 14.48	Building Materials	− 0.55
...Tools	+ 13.99	Insurance (Composite)	− 0.99
...als	+ 13.24	Investment Trusts	− 1.25
...r Goods (Durable) Group	+ 12.10	Mining Finance	− 1.41
...ls	+ 11.42	Banks	− 1.49
...ics, Radio and TV	+ 9.92	Financial Group	− 2.26
...r Inds.	+ 8.57	Entertainment and Catering	− 2.67
...Goods Group	+ 8.39	Discount Houses	− 5.58
...Manufacturing	+ 8.09	Insurance (Life)	− 6.34
...ld Goods	+ 8.05	Merchant Banks, Issuing Houses	− 7.54
...Traders	+ 7.52	Property	− 10.11
...l Group	+ 6.98	Coppers	− 11.08
...	+ 6.96	Contracting and Construction	− 13.54
...Index	+ 6.02	Gold Mines F.T.	− 27.40
...ers and Publishing	+ 5.78	* Percentage changes based on Tuesday,	
...	+ 5.68	May 18, 1976 indices.	

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	92⅞	Treasury 6½pc 1976‡‡	99½	......	6.56	10.08
98⅝	96⅝	Victory 4pc 1976‡‡	98⅝	......	4.04	—
101½	99⅜	Treasury 10½pc 1976‡‡	100⅜xd	......	10.47	9.97
98⅜	95⅞	Treasury 6¾pc 1977‡‡	97¼	......	6.43	9.82
97¼	94½	Electric 3pc 74-77	95½	+⅛	3.14	8.77
105⅜	92⅜	Treasury 11¼pc '77‡‡	101⅜	+⅛	11.37	10.47
94⅜	91⅞	Treasury 3pc '77‡‡	94¼xd	+⅛	3.18	7.13
96⅜	92¼	Transport 4pc '72-77	94⅜xd	+⅛	4.24	7.94
99⅜	90½	Treasury 9pc 1978‡‡	97⅛	−⅛	9.27	10.74
101½	93⅛	Treasury 10½pc '78‡‡	99⅝	+⅛	10.54	10.68
93½	89⅝	Exchequer 5pc '76-78‡‡	92½	+⅛	5.40	8.56
105⅜	100¼	Treasury 11½pc '79‡‡	101⅜	+⅛	11.34	10.86
88½	83⅝	Treasury 3pc '79‡‡	87½	+⅛	3.43	7.33
89⅝	73⅝	Electric 4¼pc '74-79	88⅜	+⅛	4.81	8.27
100⅜	96⅛	Treasury 10½pc '79‡‡	98⅜	+⅛	10.45	11.02
88⅛	83⅝	Electric 3½pc '76-79	87⅛xd	+⅛	4.01	7.69
96⅜	91	Treasury 9pc 1980‡‡	94⅜	+⅛	9.53	10.80
96½	92⅜	Treasury 9½pc '80‡‡	95⅜xd	+⅛	10.00	11.07
86	82¼	Treasury 3½pc '77-80	84¼xd	+⅛	4.13	7.96
86½	71	Funding 5¼pc '78-80‡‡	88¼xd	+⅛	5.95	8.75
103⅜	98	Treasury 11½pc 1981	101⅜	+⅛	11.35	11.00
86	80¼	Treasury 3¼pc 1979-81	81⅜	+⅛	4.30	8.33
95⅝	92	Treasury 9¾pc 1981‡‡	95⅜	+⅛	10.22	10.99
		Five to Fifteen Years				
94⅛	86⅛	Treasury 8¼pc '80-82‡‡	93½	......	9.38	10.75
107¾	99½	Treasury 12pc 1983‡‡	103½	......	11.83	11.68

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 51¼% (based on $1.8085 per £)

Conversion factor 0.6527 (0.6516)

CANADIANS

S.E. List Premium 51¼% (based on $1.7685 per £)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
710	350	Blyvoor 25	480	......	‡Q180c	1.3	‡
£14	785	Buffels R1	£10¼	+¼	Q180c	1.4	10.6
198	95	Deelkraal R0.20	145	+3	—	—	—
760	330	Doornfontein R1	400	+10	‡Q118c	1.4	‡
965	640	East Drie R1	795	+5	Q75c	1.7	5.6
280	160	Elandsr'd Gld Mng 20c	200	......	—	—	
190	115	Elsburg R1	133	......	Q33.8c	1.0	15.1
£16½	£11¼	Hartebeest R1	£14	+¼	Q215c	1.4	9.1
695	430	Kloof Gold R1	480	......	Q55c	1.4	6.8
760	400	Libanon R1	450	......	‡Q118c	1.9	‡
740	335	Southvaal 50c	550	+5	Q8c	1.3	0.9
245	140	Stilfontein 50c	202	+2	Q36c	2.2	7.6
£20½	£10¼	Vaal Reefs 50c	£15¼	+½	Q175c	2.1	6.8
420	190	Venterspost R1	205	+5	‡Q70c	1.9	‡
£35	£19¾	W. Drie R1	£24½	+¼	‡Q485c	1.2	‡
315	165	W'st'rn Areas R1	210	–10	Q52c	1.4	14.7
£15¼	790	Western Deep R2	£10⅛	+¼	Q171½c	1.6	0.0
290	190	Zandpan R1	240	......	Q35½c	1.0	6.8

O.F.S.

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
170	75	Fr. State Dev. 50c	125	......	Q14c	1.6	6.6
£22½	£12	F.S. Geduld 50c	£14½	+¼	‡Q330c	1.3	‡
200	57	F.S. Saaiplaas R1	170	+5	26c	◊	2.1
465	295	Harmony 50c	400	+10	Q65c	♦	9.6
195	70	Loraine R1	118	+3	Q6c	0.5	3.0
£18½	950	Pres. Brand 50c	£13¼	......	‡Q250c	1.3	‡
£13	700	Pres. Steyn 50c	800	+10	‡Q125c	2.2	‡
£23	£12	St. Helena R1	£15¼	+¼	‡Q250c	1.2	‡
174	86	Unisel	122	+2	—	—	—
330	220	Welkom 50c	280	+5	‡Q55c	1.7	‡
£25½	£14	W. Holdings 50c	£17¼	+¼	‡Q475c	1.2	‡

FINANCE

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
530	315	Ang. Am. Coal 50c	480	......	MQ38c	2.8	4.7
375	235	Ang. Amer. 10c	310	......	Q33c	1.9	6.3
£28¾	£17¾	Ang. Am. Gold R1	£22½	+¼	Q260c	♦	6.8
£13	850	Ang-Vaal 50c	£12½	......	†Q95c	3.7	2.5
199	118	Charter Cons.	154	......	6.21	2.2	6.2
220	146	Cons. Gold Fields	176	+1	£7.37	4.3	6.4
23½	15	E. Rand Con. 10p	18	......	1.0	♦	8.5
330	185	Gedald Inv. R1	265	......	Q40c	1.5	8.9
£25	£15½	Gen. Mining R2	£19	......	Q210c	2.1	6.5
£22½	£14½	G. Fields S.A. 25c	£17½	......	Q225c	1.3	7.6
£24	£11½	Jo'burg Cons. R2	£18¼	+¼	Q165c	2.5	5.2
380	200	Middle Wit 25c	345	+5	†Q28c	2.0	4.8
240	168	Minorco SBD1.40	212	......	‡Q14c	—	‡
160	85	New Wit 50c	110	......	Q20c	1.6	10.8
£12¾	770	Patino NV Fls.5	£11¼	–¼	QC40c	10.5	1.1
820	480	Rand Selection 50c	590	......	Q75c	1.5	7.5
*543	449	Selection Trust	475	+5	15.2	2.0	4.9
230	135	Sentrust 10c	193	......	Q30c	1.2	9.2
66	45	Silvermines 2½p	59	......	‡a4.0	1.6	
175	95	SW Africa 20p	175	......	†17.87	2.0	15.7
£12½	700	T'vaal Cons. Ld. R1	£10½	......	Q65c	2.8	1.9
310	170	U.C. Invest R1	215	......	Q36c	1.0	9.9
465	245	Union Crp. 6.25c	345	+5	Q42c	1.4	7.2
90	45	Vogels 2½c	75	......	Q6½c	1.2	5.1

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£23¾	......	Q244c	1.6	6.3
122	68	Bishopsgate Pt. 10c	110	–4	†Q4.5c	♦	2.3
335	198	De Beers Df. 5c	238	+2	Q28c	2.2	7.0
£14	850	Do. 40pc Pf. R5	£11	......	Q200c	♦	10.8
128	69	Lydenburg 12½c	120¢	......	†Q2.9c	1.5	1.5
207	108	Pot. Plat. 2½c	188¢	......	†Q5c	1.0	1.6
163	90	Union Plat. 10c	162¢	......	†Q4.9c	1.0	1.8
171	88	Waterval 5c	171¢	......	†Q5.2c	1.0	1.7

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
165	70	Coronation 25c	96	......	‡Q34c	2.1	‡
127	85	Falcon Rh. 50c	95	......	†Q35c	1.3	—
19	11	Rho.-Corp. 16½p	13	......	0.56	6.0	6.6
195	135	Roan Cons. K4	170	......	‡Q16.0	4.7	‡
175	142	Tanganyika 50p	158	......	‡Q26	1.2	‡
68	65	Do. Pref. 80p	65	......	Q9	18.0	11.6
48	25	Wankie Col. Rh. 1	30	......	†Q6½c	1.3	10.0
46	24	Zam. Cpr. SBD0.24	29	......	QUS4c	3.2	7.1

AUSTRALIAN

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
26	18	Acmex 25c	23	......	—	—	—
215	132	A. M. and S. 50c	214	......	Q7c	♦	2.1
156	96	Bougainville 50c	151	–1	Q10c	♦	4.3
203	145	BH South 50c	190	–2	—	—	—
75	35	Gold M. Kalg. $1	40	......	—	—	—
82	58	Hamptn Areas 5p	73	......	1.18	4.2	2.5
67	38	Metals Ex. 50c	60	–3	—	—	—
20	14	Metramar 25c	17	......	—	—	—
294	200	M.I.M. Hldgs. 50c	273	–5	‡Q10c	1.8	‡
105	70	M. Lyell 25c	85	......	‡Q5c	2.4	‡
2½	2	Newmetal 10c	2	......	—	—	—
182	138	North B. Hill $1	175	–3	Q9c	1.4	3.3
9	5	North Kalg. 20c	5	......	—	—	—
82	65	Oakbridge $A1	82	+4	†Q8c	1.3	6.4
35	14	Pacific Copr. 25c	32	–1	—	—	—
£19½	725	Pancont'l 25c	£10¼	–¼	—	—	—
16	9	Paringa M&Ex 5p	15	–1	—	—	—
615	430	Peko-Walls'd 50c	590	–15	Q15c	♦	1.6
240	140	Poseidon 50c	240	+5	—	—	—
13	9	Vultan Min. 50c	10	......	—	—	—
9	4	Westmex 10c	7	......	—	—	—
*179	127	W. Mining 50c	174	+1	‡Q6.9c	0.8	‡
54	36	Whim Creek 20c	46	......	—	—	—

TINS

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
45	28	Amal. Nigeria	40	......	5.62	1.6	21.6
248	160	Ayer Hitam	235	......	†23.0	1.8	8.5
30½	17	Beralt Tin	27	......	21.75	—	10.0
405	315	Berjuntai SM25	395	–10	‡Q5M2	♦	‡
18	13	Ex Lands 10p	16	–1	15	3.8	14.4
240	155	Geevor	220	–5	‡12	2.3	‡
14	10	Gold & Base 12½p	11	–1	—	—	—
230	170	Gopeng Cons.	210	......	‡11.0	1.3	‡
75	64	Hongkong	75	......	—	—	—
70	56	Idris 10p	67	......	7.15	♦	16.4
7½	6	Jantar 12½p	7½	......	—	—	—
42	31	Kamunting 15p	38	......	‡7.0	1.2	‡
235	235	Killinghall	235	......	Q50.0	♦	21.3
175	147	London Tin 20p	165	......	7.47	♦	7.0
228	168	Malay Dredging	213	–2	10.7	2.0	7.7
38	20	ΔPahang	30	–2	‡Qb2.6	♦	13.3
55	40	Pengkalen 10p	46	......	‡7.0	1.5	‡
123	104	Petaling SM1	121	–2	—	—	—
43	19	Saint Piran	38	–2	—	—	—
100	64	South Kinta (10p)	80	–2	‡9.5	1.5	‡
193	105	Sthn. Malayan	170	–2	10.7	0.9	9.7
45	31	Sungei Besi 20p	43	–2	—	—	—
37	29	Sungei Way SM1	37	......	2Q10	—	4.7
48	40	Tanjong 15p	47	......	4.0	♦	13.1
52	40	Tongkah Hb $M1	43	......	‡Q27%	0.6	‡
100	58	Tronoh	88	–2	4.29	♦	7.5

COPPER

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
85	42	Botswana RST P2	67	......	—	—	—
335	170	Messina R0.50	285	+10	†Q85c	1.9	7.9

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mine 17½p	9	......	0.1	♦	1.8
39½	23	Charterhall 5p	28½	+½	—	—	—
965	580	Cons. Murch. 10c	900	+10	Q80c	1.6	5.3
55	28	Laurasia	52	–1	—	—	—
455	245	Northgate C$1	370	–15	Q25c	0.3	3.5
239	178	R.T.Z.	226	......	5.42	2.2	3.7
112	85	Sabina Inds C$1	90	–1	—	—	—
£13⅛	£10	Tara Exptn. $1	£13⅛	......	—	—	—
132	88	Yukon Cons. C$1	132	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Based on 1973 profits.
- ∶ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ǂ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.
A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 23

FINANCIAL TIMES

Thursday May 20 1976

CBI accepts curbs now—and next year

BY ELINOR GOODMAN AND ADRIAN HAMILTON

THE CONFEDERATION of British Industry, under a new president, Lord Watkinson, yesterday broadly accepted the Prime Minister's proposals for modifying the price code this July and, more surprisingly, indicated that it was willing to see price control extended beyond next year.

Following his first CBI council meeting after being elected president, Lord Watkinson said that "on the whole we think we can get what we want within the Prime Minister's terms set out on Tuesday."

It was the small print that mattered, he argued, and the CBI would persue this to full in its negotiations with Mrs. Shirley Williams, Prices Secretary, in the next few weeks.

On a more aggressive front he served warning that the CBI would fight strongly the proposed Government tax changes on fringe benefits, and would meet the Chancellor to-day to press its case for better treatment of management.

Lord Watkinson's statements mark a considerable change in the CBI's traditional public opposition to the whole form of price control.

Instead of seeking radical alteration to the price code immediately, it accepts that for the next phase of counter-inflation policy it will negotiate within the confines set out by the Prime Minister, while thereafter it will still have to live with price restraint of some kind if wages are also to be controlled.

Launching a wide-ranging CBI effort to propose new policies in the third phase of counter-inflation policy, Lord Watkinson said that "we certainly accept that there will have to be a measure of margin control" beyond 1977. But he said that the CBI would then once again seek a radically simplified and less onerous system than at present.

For the moment the CBI seems reasonably well satisfied with the Government's concessions on particular aspects of the price code.

'Elastic'

Mr. Callaghan's promises on investment and other relief were described by Lord Watkinson as a "piece of elastic. We are going to stretch it as far as we can."

The key area of negotiations, he suggested, would be allowing companies the option of basing their applications for price rises on input rather than output costs, to enable them to gain the benefit of lower unit costn at a time of rising production.

If the CBI can get this and a substantial rise in investment allowances, coupled with adequate provision for inflation accounting and an improvement in the productivity deductions, then it will gain much of the practical benefit that it had sought under a more drastically-altered system.

Its main negotiating problem will be the response of the unions, which had wanted price code revisions restricted to reliefs which could be specifically associated to investment and who are clearly restless at the Government's acceptance of the CBI criticism.

Another problem may be the response of individual companies to the CBI leadership's negotiating stance. A number of groups would have liked a more wide-ranging attack on the code, and some remain disappointed that the Prime Minister's statement did not mention total abolition of productivity deduction, nor any specific reference to raising the present safety net clauses and extending the types of expenditure qualifying for investment relief.

The Prime Minister did not make any specific mention of relaxing the control on distributors' gross profit margin, although retailers are hopeful that this will be included in the consultative document to be published next month.

Scanlon warns of difficulties if price controls are too lenient

BY ROY ROGERS IN SCARBOROUGH

A FIRM warning that union leaders would have great difficulty in making the 4½ per cent. pay policy proposals stick if the Government substantially eases price controls, was delivered to the Prime Minister yesterday by Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers.

This face-to-face warning was given in front of the AUEW's engineering section national committee meeting in Scarborough which had just been addressed by Mr. Callaghan.

He told delegates, who, the previous day, voted to support the proposed pay policy, of discussions now under way between the Government, the CBI and the Retail Consortium on modifying the Price Code.

Immediately following the Prime Minister's speech, Mr. Scanlon rose to thank him and stressed that the union was aware of the "terrific pressure" the Government was under from industry on prices.

But, he added, "If there is a substantial modification of the Price Code, which permits price rises which affect ordinary housewives, it will place an even heavier responsibility on ourselves."

Mr. Scanlon referred to the previous day's national committee pay debate and reminded Mr. Callaghan that the policy had yet to be discussed at next week's full AUEW conference and the Confederation of Shipbuilding and Engineering Unions' conference later in the year as well as the special congress next month.

He clearly felt that too much easing of price controls could undermine what otherwise looks like being overwhelming trade union support for the pay policy.

Earlier, the Prime Minister had welcomed the national committee decision on pay and told delegates that the Government was conscious of the distorting effect that the present and proposed policies were having on wage patterns.

Asking workers to accept the situation for a further 12 months on the basis that it was a lesser evil than raising inflation, Mr. Callaghan promised early talks with the TUC to examine some of the problems which will arise when the new policy expires in August, 1977.

A broadly similar theme came from Mr. Jack Jones, general secretary of the Transport and General Workers' Union, who yesterday called for employer-union talks on incentive schemes for both managers and workers ready for introduction in 14 months' time, so as to prevent a "mad scramble" when the next stage of policy ends.

Talking in Ayr, Scotland, Mr. Jones said that such talks would help prevent "a dangerous build-up of industrial relations pressure in the period ahead."

It appears from the words of Mr. Callaghan and Mr. Jones that talks are likely to begin soon on a further stage of pay policy and the Prime Minister hinted yesterday that the new social contract, already under discussion with the TUC, was likely to last until the end of the decade.

This issue was spelled out in his prepared speech, although the Prime Minister did not in fact deliver that passage and only hinted of "paving the way for the 1980s."

Much of his speech centred on industry's need for a better return on their existing investment in order to be able to finance new investment.

Mr. Callaghan used his address to the AUEW and an earlier one to delegates from his own old union, the Inland Revenue Staff Federation, meeting on the other side of Scarborough, to underline the tax concessions included in the pay policy proposals.

Expressing the view that that issue had not been sufficiently publicised or comprehended, the Prime Minister stated that workers receiving the national average of about £65 a week could expect lump sum tax rebates of around £30.00 in July or August, from which time they would also benefit by a further £1.68 per week.

Strict control of prices was called for by delegates of the AUEW's foundry section when they backed by 32 to 18 a resolution supporting the pay policy at their annual conference in Llandudno.

Labour News Page 15

Monthly wage increases up

AVERAGE earnings are estimated to have risen by 1.7 per cent. between February and March, according to figures published by the Department of Employment to-day. This compares with an average monthly increase of 1 per cent. in the five previous months.

The year-on-year increase in basic rates has remained unchanged at 22.9 per cent., but this is expected to fall rapidly from now on, since the big increases in wage rates in 1975 were bunched in May and June. Page 7.

P.O. to raise $200m. Euroloan

BY MARY CAMPBELL

FOR THE first time in 18 months a nationalised industry is raising a foreign currency loan on the Euromarkets. The Post Office is to borrow $200m. for five years from a group of 20 international banks, it was announced yesterday.

The loan will be guaranteed by the Treasury, and the Post Office will be protected from exchange rate losses under the exchange cover scheme.

"The broad geographical spread of the international banks participating in the loan, and the favourable rate of interest, are evidence of bankers' increasing confidence in the British economy." First Chicago, the bank which headed the lending syndicate, said yesterday. No British clearing or merchant banks are involved in the loan.

Foreign bankers' lack of confidence in Britain's economic prospects has been a major factor behind the length of time during which no attempt has been made to finance the balance of payments deficit, by public sector borrowing from foreign commercial banks.

Easing

Another factor behind the timing of the loan has been the general easing of Euromarket conditions recently: the fact that other Euromarket borrowers are pressing for maturities of more than five years at lower interest rate margins has made bankers more attracted to British credit for five years at the traditional prime margin of 1¼ per cent.

The terms of the loan also include an option to choose either the two or three-year inter-bank rate as the base rate for the interest charge. This is unusual in Euromarket loans and particularly attractive at the current low point in the interest rate cycle, since it enables the borrower to pay the current rate of about 7¼ per cent. for the next two years regardless of whether interest rates in general go up.

Repayment of the loan will be in one lump at the end of the five years.

Weather

U.K. TO-DAY

BRIGHT with showers, possibly heavy.

London, S.E., Cent. S. and E. England, E. Anglia, Midlands, Channel Is.
Sunny, showers. Wind N.W., moderate. Max. 14C (57F).

S.W., N.W., Cent. N. and N.E. England, Wales, Lakes, I. of Man, S.W. Scotland, Glasgow, N. Ireland
Bright, showers, possibly heavy or thundery. Wind N.W., moderate or fresh. Max. 12C (54F).

Borders, Edinburgh and Dundee, Aberdeen, Moray Firth
Sunny, showers, possibly heavy. Wind W., light or moderate. Max. 12C (54F).

Cent. Highlands, Argyll, N.W. Scotland
Bright, showers, possibly heavy or thundery. Wind N.W., moderate or fresh. Max. 11C (52F).

N.E. Scotland, Orkney and Shetland
Cloudy, showers, heavy at times. Wind variable, light or moderate. Max. 10C (50F).

Outlook: Sunny, showers or longer rain, becoming dry in S.E.

Lighting-up: London 21.22. Manchster 21.40. Glasgow 22.01. Belfast 22.01.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	R	11	52	Manchstr.	C	11	52
Athens	C	26	79	Melbourne	C	13	55
Barcelona	F	21	70	Milan	S	26	79
Belfast	C	10	50	Montreal	C	6	43
Belgrade	S	25	77	Moscow	R	11	52
Berlin	S	24	75	Munich	S	22	72
Brmghm.	F	13	55	Newcastle	T	10	50
Bristol	C	12	54	New York	C	7	45
Brussels	C	14	57	Oslo	S	23	73
Budapest	S	23	73	Paris	F	17	63
B. Aires	S	16	61	Perth	S	25	77
Cairo	S	30	86	Prague	S	25	77
Cardiff	R	11	52	Reikjavik	R	8	46
Cologne	C	19	66	Rio de J'o	C	28	82
Copnhagn.	S	18	64	Rome	S	23	73
Dublin	C	22	72	Singapore	S	31	88
Edinburgh	R	9	48	Stockholm	S	21	70
Frankfurt	F	22	72	Strasbourg	C	21	70
Geneva	C	20	68	Sydney	C	18	64
Glasgow	C	12	54	Tehran	S	25	77
Helsinki	F	19	66	Tel Aviv	S	23	73
Hg. Kong	S	29	84	Tokyo	R	14	59
Jo'burg	S	22	71	Toronto	C	5	41
Lisbon	F	17	63	Venice	S	24	75
London	C	14	57	Vienna	S	22	72
Luxembrg.	C	15	59	Warsaw	S	20	68
Madrid	F	26	79	Zurich	S	22	73

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	21	70	Jersey	F	12	54
Algiers	C	20	68	Las Plms.	F	21	70
Biarritz	C	13	55	Locarno	F	22	72
Blackpool	C	12	54	Majorca	F	22	72
Bordeaux	R	12	54	Malaga	S	21	70
Boulogne	C	11	52	Malta	S	23	73
Casablnca.	S	19	66	Mexico C.	S	22	72
Cape Tn.	S	20	68	Nairobi	C	19	66
Corfu	S	25	77	Naples	S	21	70
Dubrovnik	S	25	77	Nassau	S	29	84
Faro	S	23	73	Nice	S	20	68
Florence	S	23	73	Oporto	S	16	61
Funchal	C	16	61	Rhodes	F	22	72
Gibraltar	S	22	72	Salzburg	S	24	75
Guernsey	F	12	54	Tangier	F	19	66
Innsbruck	F	25	77	Tenerife	C	16	61
Inverness	S	8	46	Tunis	S	24	75
Istanbul	F	19	66	Valencia	S	23	73

S—Sunny. C—Cloudy. F—Fair. R—Rain. T—Thunderstorm.

Foreign Office attacks report on Cyprus

BY OUR FOREIGN STAFF

THE Foreign Office yesterday attacked a report by a Commons Select Committee which strongly criticised the handling of the 1974 Cyprus crisis by the then Foreign Secretary, Mr. James Callaghan.

The report, published yesterday and immediately welcomed by the Greek-Cypriot Government in Nicosia, concludes that "Britain had a legal right to intervene" in the crisis. "She had a moral obligation to intervene. She did not intervene for reasons which the Government refuses to give."

In a statement, the Foreign Office criticised the committee for failing to "take the opportunity to make an impartial and constructive contribution to solving the problem." In the Commons, Mr. Roy Hattersley, Minister of State, Foreign Office, told MPs that the committee had "ignored evidence demonstrating military intervention in Cyprus was neither right nor possible."

Less harsh

But a moderating note was sounded yesterday by the select committee's chairman, Mr. Arthur Bottomley, who said that he had prepared an addendum to the full report which, though little different in content, was less harsh in its criticism. On BBC radio yesterday Mr. Bottomley said: "I don't feel as strongly about this as some of my colleagues." He conceded that there was genuine doubt about the wisdom of using British troops in Cyprus to stem the Turkish invasion.

He thought that Foreign Office comments on the report had been "wildly exaggerated" and that the report would repay careful reading.

Mr. Christopher Price, a fellow Labour member of the committee, said yesterday at a Press conference that the committee had pioneered ground in examining foreign policy issues. A similar committee, he said, should be set up to examine British policy towards Iceland.

But the full report has little nice to say about Mr. Callaghan. He is accused of giving "confusing evidence" on the question of whether Britain had the wherewithal to take military action and of a "serious misunderstanding" about the powers accorded to UN troops in Cyprus.

The committee also blames Mr. Callaghan for "an error of judgment" through his decision to release the Turkish-Cypriot refugees from the British sovereign base area, although it accepts that the decision was taken primarily on humanitarian grounds.

Mr. Callaghan surprisingly also told the committee that there had not been advance intelligence of the coup against President Makarios, despite the fact that the President had let it be known he was aware there was a Greek-inspired plot against him at the end of June.

● Nicosia: The Cyprus Government welcomed the report as "a positive assessment of the situation" and urged the British Government to act on its recommendations.

A Cyprus Government statement said the British Government did not observe its obligations and allowed Turkey to carry out expansionist designs.

Report from the Select Committe on Cyprus. Session 1975-1976: Commons Paper 331; SO; £2

Editorial Comment, Page 18

New burst of buying exhausts tap stock

BY MICHAEL BLANDEN

A FURTHER burst of buying in the gilt-edged market yesterday morning finally exhausted supplies of the official long-dated tap stock.

The pound came under pressure again in thin foreign exchange markets, with a large commercial selling order in the morning. The Bank of England was reported to be giving little support, and the average depreciation of sterling from December 1971 levels widened from 37.6 per cent. to equal Monday's closing low point at 37.9 per cent.

Against the dollar, which also showed signs of weakness, the pound lost 25 points, to $1.8085.

The gilt-edged market expects that the Bank may announce a new stock issue to-morrow to replace the exhausted tap. In spite of the recent strength of gilts, however, there is felt to be little scope for a significant reduction in interest rates in the U.K.

Uncertainty over sterling and growing expectations of a further rise in U.S. rates are seen to mean that the British authorities will continue to keep rates up, following the 1½ per cent. rise in the Bank's minimum lending rate, to 10½ per cent., nearly a month ago.

Buying interest in the gilt-edged market yesterday was concentrated on the long end. The tap stock, £600m. of Treasury 12½ per cent. 1993, was issued in February and has been active for the past three or four weeks.

Rises of up to ¾ were seen at the long end of the market, but the short end remained relatively subdued against the background of the weakness of sterling. The Financial Times Government securities index rose 0.22 to 63.83.

£55m. property deal for Eagle Star

BY QUENTIN GUIRDHAM

EAGLE Star Insurance is buying £55.5m. of properties from English Property Corporation in a second major sale by Britain's second biggest property group. With part of the proceeds, English Property will pay Eagle Star £18m. to repay mortgage loans in part secured on the properties being sold.

Eagle Star owns 28 per cent. of English Property's equity.

Eagle Star said yesterday that it had been looking for a major property acquisition since its bid for Bernard Sunley Investment Trust in 1973 was referred to the Monopolies Commission. Though later cleared, by then conditions in the property market had altered and the two sides could not agree terms.

There was now "quite a lot of strength" in the market and Eagle Star had unusually high liquidity. The balance sheet last December showed £30.6m. of deposits in the life funds and £67.8m. on deposit in the shareholders' consolidated funds. The levels have risen slightly since.

Other talks

The properties concerned cover West End offices, regional offices and some small shopping and industrial developments. The largest single properties are valued at around £5m.

English Property's sale follows its raising of £29m., agreed last month, by reducing its holding in its Canadian subsidiary, Trizec Corporation and forming a new joint company with Edper Investments which will control Trizec. Trizec itself had last December raised £50m. by sales to Bramlea Consolidated Developments.

In the year to last October, English Property sold £24m. worth of U.K. property and this year another £7m., said Mr. Llewellyn, with another £5m. already agreed besides the sales to Eagle Star.

Despite the group's world sales of over £100m. this year, there would be £50m. of additions as developments were completed and assets would fall from £729m. to around £680m., leaving the group in about the same position as at the end of 1973 and ready to expand again.

Gamages site

Yesterday's deal is one of the largest transfers of property from a company to an associated institution.

Town and City yesterday announced that, with funding from the Prudential, it would start development of the old Gamages site in Holborn in August with the building contract with Costain Construction worth around £16.5m.

Included in the scheme, which received planning consent two years ago after Camden Borough Council had supported the developers against Greater London Council opposition, are 165,000 square feet of offices, 77,000 square feet for the Diamond Trade Centre, a 51,000 square feet department store (leased to Combined English Stores) and 194 flats on which Camden will hold a long lease.

The Prudential, whose headquarters are next door, is freeholder of the site and is funding through a leaseback arrangement with Town and City.

THE LEX COLUMN

Property spree for Eagle Star

Eagle Star has done some friendly things for English Property in the past, but the acquisition of £55½m. worth of property announced last night does not look like charity. Eagle Star's desire to increase its direct property holdings was apparent in the unsuccessful bid for Bernard Sunley over two years ago (any possibility of this deal being revived must now look extremely remote) and EPC says that the deal has very little impact on its own net worth. For the latter, it brings in £37½m. of cash and allows the cancellation of £20m. of longish term debt at a price representing 90 per cent. of the nominal value. That probably seems reasonable enough by most standards, excluding perhaps those being bandied around by Artagen in response to the Sun Life bid.

After completion, EPC's sterling debt excluding the convertible will be down to £54m., or nearly half last October's balance sheet figure, and it will actually have net cash balances in the bank. Its U.K. portfolio will have been reduced by over a quarter. At the same time, foreign currency debt should be down to a little over £100m. if you exclude Trizec's very large liabilities and assume that the Canadian reorganisation goes through. There is not enough detail in the latest announcement to draw any general conclusions about property values, but EPC's 3p rise to 45p (and a market capitalisation of £27m.) looks a reasonable reaction.

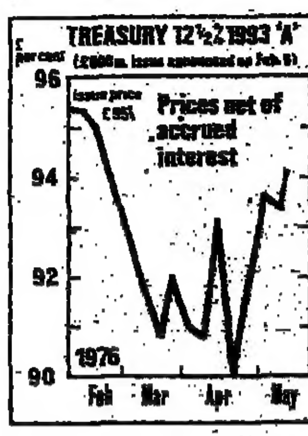
Eagle Star faces some additional short term dilution, since the initial yield on the properties is only about 6 per cent. Last winter's rights issue raised nearly £26m., of which £15½m. will be absorbed by this transaction. The rest is accounted for by the life fund, where the property exposure will rise by £22m. from a book value of about £40m.

Tap stocks

After buying of probably more than £100m. first thing yesterday the 1993 "A" tap ran out and the market is expecting a replacement to-morrow afternoon. The problems of sterling were enough, however, to prevent any great advance in the market—and indeed it is hard to see that the authorities will be able to lead long interest rates down through the terms of the new tap given the flattening of the yield curve. There is certainly little scope for a lower coupon unless the new stock is shorter than 1990. The 20-year Government Stocks Index is below what is was on February 6 when the 1993 "A" issue was announced, and allowing for accrued interest the Government broker has recently been selling the stock at several points under the original issue price.

On precedent, an over-enthusiastic response to a new tap stock—as last July—would have bearish implications. Such an event would drain institutional liquidity and leave the market technically weak, whereas the undertone still seems firm at the moment despite the scale of the money which has gone in recently—maybe near £500m. The market will look healthier if buying of the new tap is fairly slow, but by the same token that will not give much scope for prices to rise at the long end. And time is ebbing away, for later in the year rising U.S. interest rates and increasing domestic financial pressures here in the U.K. may provide new reasons for MLR to stay high.

Index rose 5.3 to 410.5



RHP

The one-for-five rights issue by Ransome Hoffman Pollard, to raise £2.1m., comes during a period of sharply rising borrowings. Debt was close to £11m. at the balance sheet date last October against sharehol[ders'] funds of £22.6m., and inclu[ding] rather more than £1m. paid in cash as part of the consid[era]tion for MTE total debt is more like £14m., some [of it] being short term. Moreove[r] some early stage RHP will [pre]sumably start to draw dow[n] £4.9m. Industry Act fac[ility] designed to enable it to [...] forward investment plans. [In] the absence of significant re[duc]tions—in the first half pr[e-tax] profits are down from £3.1[m.] to £1.78m. despite an in[creased] MTE contribution—RHP is [tap]ping the capital market in o[rder] to broaden the equity base [...] dividend terms the cost is q[uite] high—over 11 per cent. [...] on the new shares, while [the] ex rights yield at 61p is 9.3 [per] cent. But RHP is now com[ing] out of the trade recession, [...] the order intake the best [for] 18 months and short time w[ork]ing eliminated in April.

See also Page 20

Unilever

Unilever's first quarter [per]formance—profits up [...] £31.8m. to £114.6m. pre-ta[x] is right in line with the patt[ern] evident in the final few mo[nths] of last year. The group is [...] not happy with its returns [in] Europe, and overall operat[ing] margins are actually a sh[ade] lower than they were in 19[75's] final quarter. In addition, [the] underlying trend in sales is [not] yet clear, since the fact [that] volume so far is a little hig[her] than it was towards the end [of] last year planely owes someth[ing] to the re-buildnig of stocks.

However, profits on edible f[ats] are still recovering strongly, [as] is evident in a very substan[tial] improvement in NV's earnin[gs]. The African operations conti[nue] to do well, and recovery is [get]ting under way in chemic[als] and packaging following a [...] per cent. drop in profits o[f] 1975. So the group is on co[urse] for another big jump in [year]-on-year earnings during [the] second quarter, and for [pro]fits rise from £328m. to £[...] pre-tax or a bit more for 19[76] as a whole. The shares have b[een] this possibility in view for so[me] time now—they closed at a [...] high of 494p yesterday, wh[ile] the prospective p/e is rough[ly] 8—so the latest figures will [not] trigger any significant re[ap]praisal.

See also Page 21

Continued from Page 1

Tax row

ingly artificial situation for the vast majority of companies. "The standard almost eliminates from the accounts the effect of investment incentives introduced by the Government. We consider that the decision by a company to take advantage of a fiscal incentive should be reflected in post-tax profits, thereby demonstrating a higher level of profit available either for reinvestment or for distribution to shareholders.

"It must surely be the Government's intention by giving investment incentives to allow companies to make a better post-tax return on capital investment than would otherwise be the case."

Under the present accounting standard the balance-sheet values of deferred taxation will inevitably continue to grow and grow, in the vast majority of cases where companies continue trading in normal circumstances. This is not a fair reflection of the true position, the CBI argues, since the larger part of these amounts will never become actual liabilities.

"In time this is bound to raise problems for companies wanting to increase their borrowings, let alone make new capital issues." The CBI believes it will give rise to problems on sale of companies or transfer of shareholdings, due to the standard stating that deferred taxation is not to be regarded as part of the shareholders' funds.

This is very likely to lead to a major divergence of view between the accounting profession and companies' Boards of directors as to correct interpretation of what constitutes a true and fair view in company accounts. "The likelihood of such a continuing conflict is a state of affairs which should be avoided if at all possible. We feel it is very likely that a growing number of companies will choose not to comply with the standard, although this will no doubt result in a qualified auditor's report. A standard which does not have the support of industry and commerce should, we feel, demand re-examination."

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